

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1881-01
Bill No.: SB 379
Subject: Taxation and Revenue - Sales and Use; Saint Louis County
Type: Original
Date: March 17, 2015

Bill Summary: This proposal would require that municipalities in the St. Louis County sales tax pool receive at least 50% of the revenue generated inside that municipality.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	(\$128,126)	\$0	\$0
Total Estimated Net Effect on General Revenue	(\$128,126)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 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	\$0	\$0

* No net fiscal impact to local governments in St. Louis County

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue (DOR)** stated this proposal would revise the distribution formula for sales tax revenue generated in St. Louis County. DOR would be required, beginning January 1, 2016, to distribute to all group A cities, towns, and villages in St. Louis County a portion of taxes based on the location where the sales is consummated under Section 66.630 and Subsection 32.087.12 based on the formula in Subsection 66.620.5. Once the Department distributes funds to group A entities, it would be required to distribute funds to group B entities following guidelines in Subsection 66.620.5.

DOR officials noted the Department would also be required to ensure each city receives no less than 50 percent of the tax generated within that city, rather than relying solely on the distribution from the pool.

Administrative Impact

DOR officials noted that St. Louis County currently takes care of the distribution, so unless they agree to continue to perform this action, the Department would need to develop a distribution system for this proposal.

IT impact

DOR officials provided an estimate of the IT cost to implement this proposal including \$65,510 for contract changes to the current design of the Integrated Revenue System including a Distribution Credit Reallocation program, a report on the reallocation, and minimal reference table configuration resulting in a cost of \$65,510.

In addition, DOR officials included an estimated cost of \$59,616 for 795 hours of contract programming to make change to DOR systems.

Oversight will include the DOR cost estimate in this fiscal note.
 $((\$65,510 + \$59,616) = \$128,126)$

ASSUMPTION (continued)

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** noted this proposal would alter how the Department of Revenue (DOR) distributes local sales taxes to municipal governments in St. Louis County. BAP officials deferred to DOR for any change in programming or administration costs which would be involved in implementing the changes in the distribution formula, and assume the proposal would have no direct impact on general and Total State Revenues.

Officials from the **Office of the Secretary of State** and the **Joint Committee on Administrative Rules** assume this proposal would not have a fiscal impact to their organization.

Not responding:

Officials from St. Louis County, the City of Clayton, the City of Florissant, the City of Frontenac, the City of Ladue, and the City of Maryland Heights did not respond to our request for information.

Oversight assumes this proposal would have no net effect on local governments, although individual cities may receive more or less revenue than is the case under current provisions.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
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GENERAL REVENUE FUND

Cost - DOR

Computer programming	<u>(\$128,126)</u>	<u>\$0</u>	<u>\$0</u>
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**ESTIMATED NET EFFECT ON
GENERAL REVENUE FUND**

<u>(\$128,126)</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
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**ST. LOUIS COUNTY POLITICAL
SUBDIVISIONS**

Additional revenue

Some political subdivisions within St. Louis County may receive additional sales tax revenues	Unknown	Unknown	Unknown
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Revenue reduction

Some political subdivisions within St. Louis County may receive less sales tax revenues	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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**ST. LOUIS COUNTY POLITICAL
SUBDIVISIONS**

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

The proposed legislation would, beginning January 1, 2016, revise the distribution of St. Louis County sales taxes.

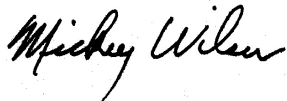
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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

Not responding:

St. Louis County
City of Clayton
City of Florissant
City of Frontenac
City of Ladue
City of Maryland Heights



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March 17, 2015

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March 17, 2015