

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1899-01
Bill No.: SB 378
Subject: Charities; Corporations; Education, Elementary and Secondary; Educations, Higher; Motor Vehicles; Taxation and Revenue - Sales and Use
Type: Original
Date: March 30, 2015

Bill Summary: This proposal would provide several exemptions to the sales and use tax due on the titling of motor vehicles.

FISCAL SUMMARY

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

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue (DOR)** assume the proposal would not have a fiscal impact.

Officials from the **Office of Administration-Division of Budget and Planning (BAP)** assume this proposal would provide an exemption from the state sales tax for motor vehicles acquired by not-for-profit, charity, and educational organizations, as well as for certain transfers. DOR officials advised us this proposal would codify longstanding practice, so there would be no direct impact to general and Total State Revenues.

Oversight assumes the BAP estimate of fiscal impact for this proposal is the best available and will use it for this fiscal note.

Officials from the **Department of Natural Resources (DNR)** noted this proposal would authorize a sales tax exemption for motor vehicles, trailers, boats, or outboard motors purchased by civic, social, service, or fraternal organizations, public or private, not-for-profit schools, or higher education organizations. It would also provide a sales tax exemption for vehicle transfers between corporations and shareholders, or partnerships and partners.

DNR officials also assume additional sales and use tax exemptions would result in a revenue reduction for their Parks and Soils Sales Tax Funds, and 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 the proposal.

Officials from the **Department of Transportation** deferred to the Department of Revenue for an estimate of the fiscal impact of a similar proposal (HB 869, LR 2024-01).

Officials from the **Office of the Secretary of State**, the **Joint Committee on Administrative Rules, St. Louis County**, the **Platte County Board of Elections**, the **St. Louis County Directors of Elections**

Officials from the **Department of Conservation** and the **Jackson County Election Board** assumed a similar proposal (HB 869, LR 2024-01) would have no fiscal impact on their organizations.

ASSUMPTION (continued)

Not responding:

Officials from the following cities: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Columbia, Dardenne Prairie, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Independence, Jefferson City, Joplin, Kansas City, Kearney, Knob Noster, Ladue, Lake Ozark, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, O'Fallon, Pacific, Peculiar, Pineville, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, Springfield, St. Charles, 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 counties: Andrew, Atchison, Audrain, Barry, Bollinger, Boone, Buchanan, Callaway, Camden, Cape Girardeau, Carroll, Cass, Clay, Cole, Cooper, DeKalb, Dent, Franklin, Greene, Holt, Jackson, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln, Marion, McDonald, Miller, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Pettis, Phelps, Platte, Pulaski, Scott, Shelby, St. Charles, St. Francois, Taney, Warren, Wayne and Worth did not respond to our request for information.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This proposal would make motor vehicles, trailers, boats, or outboard motors owned and used by the following groups to the list of purchases exempt from the 4% state sales tax.

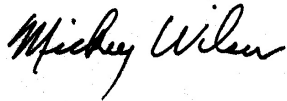
- * A not-for-profit civic, social, service, or fraternal organization in its civic or charitable functions and activities;
- * A private, not-for-profit elementary school, secondary school, or higher education institution in the conduct of its educational functions and activities; and
- * An elementary school, secondary school, or higher education institution in the conduct of its education functions and activities that are supported by public funds.

Any transfer of motor vehicles, trailers, boats, or outboard motors because of a corporate merger, liquidation, exchanges of stock or securities, capital contribution, purchasing a partnership interest, dividend distribution, or liquidation of partnership would also be exempt from the 4% state sales tax.

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 Conservation
Department of Natural Resources
Department of Revenue
Department of Transportation
St. Louis County
Jackson County Election Board
Platte County Board of Elections
St. Louis County Directors of Elections



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March 30, 2015

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Assistant Director
March 30, 2015