

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2024-01  
Bill No.: HB 869  
Subject: Motor Vehicles; Taxation and Revenue - Sales and Use  
Type: Original  
Date: March 9, 2015

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Bill Summary: This proposal would provide sales tax exemptions for certain purchases and transfers of motor vehicles, trailers, boats, and outboard motors.

**FISCAL SUMMARY**

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

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

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 7 pages.

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

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

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

**Oversight** was unable to receive agency responses in a timely manner due to the short fiscal note request time. Oversight has prepared this fiscal note with the best current information we have, or with prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will prepare an updated fiscal note and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

Officials from the **Office of Administration-Division of Budget and Planning (BAP)** assume this proposal would exempt from the state sales tax on motor vehicles acquired by not-for-profit, charity, and educational organizations as well as certain transfers. BAP officials advised us this proposal would codify longstanding Department of Revenue 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 assume additional sales and use tax exemption 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 this proposal.

Officials from **Cole County** assume this proposal would have a negative impact on their organization since it would reduce sales tax collections.

Officials from the **City of Kansas City** assume this proposal would result in some revenue losses but stated they did not have available data to estimate those losses.

ASSUMPTION (continued)

Although they did not respond to our request for fiscal information, officials from the **Office of the Secretary of State (SOS)** stated in response to similar proposals, 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 greater than 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 **Department of Conservation**, the **Jackson County Election Board**, and the **Platte County Board of Elections** assume this proposal would have no fiscal impact on their organizations.

Although they did not respond to our request for fiscal information, officials from the **Joint Committee on Administrative Rules**, the **Department of Revenue**, and the **St. Louis County Directors of Elections** assumed a similar proposal (SB 378 LR 1899-01) would not have a fiscal impact to their organizations.

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, 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.

ASSUMPTION (continued)

Officials from the following counties: Andrew, Atchison, Audrain, Barry, Bollinger, Boone, Buchanan, Callaway, Camden, Cape Girardeau, Carroll, Cass, Clay, 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. Louis, 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.

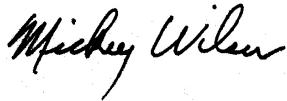
- \* A not-for-profit civic, social, service, or fraternal organization in its civic or charitable functions and activities;
- \* A private, not-for-profit elementary school, secondary school, or higher education institution in the conduct of its educational functions and activities; and
- \* An elementary 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  
Cole County  
City of Kansas City  
Platte County Board of Elections  
St. Louis County Directors of Elections



Mickey Wilson, CPA  
Director  
March 9, 2015

Ross Strobe  
Assistant Director  
March 9, 2015