

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2024-01
Bill No.: Perfected HB 869
Subject: Motor Vehicles; Taxation and Revenue - Sales and Use
Type: Original
Date: April 2, 2015

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

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 **Office of Administration-Division of Budget and Planning (BAP)** assume this proposal would exempt from the state sales tax those 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.

Officials from the **Office of the Secretary of State**, the **Joint Committee on Administrative Rules**, the **Department of Revenue**, the **Department of Conservation**, the **Jackson County Election Board**, the **Platte County Board of Elections**, and the **St. Louis County Directors of Elections** assume this proposal 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, 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, 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.

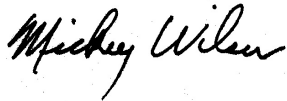
- * A not-for-profit civic, social, service, or fraternal organization in its civic or charitable functions and activities;
- * A private, not-for-profit elementary school, secondary school, or higher education institution in the conduct of its educational functions and activities; and
- * An elementary 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
April 2, 2015

Ross Strobe
Assistant Director
April 2, 2015