

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4187-01  
Bill No.: SB 753  
Subject: Cities, Towns and Villages; Counties; Revenue Department; Taxation - Sales and Use  
Type: Original  
Date: February 10, 2016

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Bill Summary: This proposal allows Greene County, or any city within the county, to impose a sales tax upon voter approval, to fund early childhood education.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
<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>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
<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 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</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 2017</b>	<b>FY 2018</b>	<b>FY 2019</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 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Local Government</b>	<b>\$0 to More than \$2,925,000</b>	<b>\$0 to More than \$11,700,000</b>	<b>\$0 to More than \$11,700,000</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of Administration - Division of Budget and Planning (B&P)** assume this proposal would allow voters in Greene County, as well as cities in that county, to impose a sales tax up to 0.25% for early childhood education purposes. BAP officials stated that according to Department of Revenue (DOR) reports, taxable sales in Greene County totaled \$4,684.4 million in fiscal year 2015. Therefore, this sales tax might generate  $(\$4,684,000 \times .0025) = \$11.7$  million annually for the county, and additional amounts might be generated if cities in the county separately approve this tax.

**B&P** officials stated the revenues collected would have no impact on General and Total State Revenues; however, 1% would be retained in the General Revenue Fund to offset DOR collection costs. Therefore, General and Total State Revenues could increase by \$0.1 million if the county sales tax is approved.

**B&P** officials deferred to DOR for estimates of actual collection costs.

Officials from the **Department of Revenue (DOR)** assume costs of \$21,762 for Integrated System Changes consisting of 167 hours of IT service charges at \$130 hour will be incurred to implement this proposal.

**Oversight** assumes DOR's cost to implement this proposal would be offset with the increased revenue noted by B&P.

In response to similar language in another proposal in a prior session, (SB 947, 2014) officials from the **Republic School District** assumed a 1/4 cent sales tax would generate approximately \$500,000 in additional revenue. School district officials also stated at the time it is uncertain what this sales tax would generate for the Republic School District in the municipalities that include other school districts within their boundaries. These municipalities include Springfield and Battlefield.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume that, contingent upon the actions of voters (and subsequently the governing bodies of Greene County and cities within) this proposal would have an impact on the revenues received into the "Early Childhood Education Sales Tax Trust Fund"; however, DESE has no means to calculate the potential impact.

Oversight assumptions

Officials from the **Office of the Secretary of State** and the **Joint Committee on Administrative Rules** assume this proposal would have no fiscal impact on their organizations

**Oversight** assumes the B&P estimate is the best available and for fiscal note purposes, will use the B&P estimate. Oversight will indicate a range of additional local government revenue from \$0 (local government and/or voters fail to approve the sales tax) to more than \$11.7 million per year (the county and one or more other local governments as well as voters approve the sales tax).

**Oversight** notes the election to approve the sales tax could be held in April 2017 (FY 2017) or in November 2016 (FY 2017); the earliest the sales tax could become effective would be the first day of the second calendar quarter after the Department of Revenue is notified of voter approval. In this case, the earliest effective date assuming voter approval at the November 2016 general election would be April 1, 2017 (FY 2017).

**Oversight** will assume the election would be held at the first opportunity. Since there will be a general election in November of 2016, additional election costs due to this proposal are assumed to be \$0.

For simplicity, **Oversight** will not include the 1% withholding for DOR collections costs in this fiscal note.

Not responding:

Officials from Greene County, the Springfield School District, the City of Springfield, Fair Grove Schools, and the City of Republic did not respond to our request for information.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (3 Mo.)	FY 2018	FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2017 (3 Mo.)	FY 2018	FY 2019
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**LOCAL GOVERNMENTS**

Additional Revenues - Greene County

Sales taxes

Section 67.1790	\$0 to More than <u>\$2,925,000</u>	\$0 to More than <u>\$11,700,000</u>	\$0 to More than <u>\$11,700,000</u>
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<b>ESTIMATED NET EFFECTS ON LOCAL GOVERNMENTS</b>	<b>\$0 to More than <u>\$2,925,000</u></b>	<b>\$0 to More than <u>\$11,700,000</u></b>	<b>\$0 to More than <u>\$11,700,000</u></b>
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FISCAL IMPACT - Small Business

This proposal could have a direct fiscal impact to small businesses in Greene County which purchase taxable items.

FISCAL DESCRIPTION

This proposal allows Greene County and any city within the county to, upon approval of a majority of the voters, impose a sales tax not to exceed one-fourth of one percent within the county or city for the purpose of funding early childhood education in the county or city. The county or city must enter into an agreement with the director of the Department of Revenue to collect the tax and the director is responsible for the administration, collection, enforcement, and operation of the tax. All revenue collected, except for one percent for the cost of collection which shall be deposited in the state's general revenue fund, must be deposited in the "Early Childhood Education Sales Tax Trust Fund". Moneys in the fund are not state funds, and cannot be commingled with any funds of the state.

The governing body of any county or city that has adopted the sales tax may submit the question of repeal of the tax to the voters. The tax can also be repealed by petition, signed by ten percent of the registered voters of the county or city voting in the last gubernatorial election, calling for an election to repeal the sales tax.

FISCAL DESCRIPTION (continued)

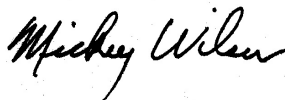
If the tax is repealed or terminated by any means, all funds remaining in the special trust fund must continue to be used solely for early childhood education. One year after the repeal of the tax, the director must remit the balance in the account to the county or city and close the account.

The governing body of the county or city must select an existing community task force to administer the revenue received. Such revenue may only be expended upon approval of an existing community task force selected by the governing body of the county or city to administer the funds and only in accordance with a budget approved by the county or city governing body.

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

Department of Elementary and Secondary Education  
Department of Revenue  
Office of Administration - Budget and Planning  
Office of the Secretary of State  
Joint Committee on Administrative Rules



Mickey Wilson, CPA  
Director  
February 10, 2016

Ross Strobe  
Assistant Director  
February 10, 2016