

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4536-02  
Bill No.: SB 823  
Subject: Internet and E-mail; Taxation and Revenue - Sales and Use; Telecommunications  
Type: Original  
Date: January 27, 2016

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Bill Summary: This proposal creates a state and local sales tax exemption for internet access or the use of internet access

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</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 2017</b>	<b>FY 2018</b>	<b>FY 2019</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 4 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</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Revenue (DOR)**, the **Missouri Department of Conservation (MDC)**, the city of **Kansas City**, the **St. Louis County Directors of Elections**, **Callaway County**, **Platte County** and the **Jackson County Election Board** assume no fiscal impact on their respective organizations.

Officials from the **Office of Administration - Budget and Planning (B&P)** assume no fiscal impact. B&P noted this proposal would exempt internet and e-mail access from state and local sales and use tax, and further stated these are currently exempt from sales and use tax under federal law. Further, this proposal has no impact on Total State Revenue and is not subject to Article X, 18(e) calculations.

Officials from the **Department of Natural Resources (DNR)** deferred to DOR and B&P for an account of the fiscal impact.

Officials from the cities of **Gladstone**, **Grandview**, **Lee's Summit** and **Liberty** assumed a material negative fiscal impact based upon their reading of the language in the proposal.

**Oversight** will use the impact statements of DOR, B&P, MDC and DNR as well as the statement from the city of Kansas City, the St. Louis County of Director of Elections, Callaway County, Platte County and the Jackson County Election Board as the basis for this no impact fiscal note.

**Oversight** has inquired with the U.S. Department of Commerce to confirm the federal law exemption but has not yet received a response to the inquiry.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<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.

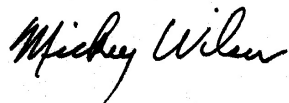
FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

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 Revenue  
Office of Administration -  
    Budget and Planning  
Department of Conservation  
Department of Natural Resources  
Kansas City  
St. Louis County Directors of Elections  
Callaway County  
Platte County  
Jackson County Election Board  
Gladstone  
Grandview  
Lee's Summit  
Liberty



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January 27, 2016

Ross Strope  
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January 27, 2016