

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4536-03
Bill No.: Perfected SCS for SB 823
Subject: Internet and E-mail; Taxation and Revenue - Sales and Use; Telecommunications
Type: Original
Date: February 24, 2016

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
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 2017	FY 2018	FY 2019
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Conservation, Department of Revenue, City of Columbia, City of Kansas City, Callaway County, Cass County, St. Louis County, Jackson County Election Board, Platte County Election Board, St. Louis County Election Board** each assume no fiscal impact from the proposal.

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)** defers to DOR and B&P for an account of the fiscal impact.

Officials at the **City of Independence** assume a material negative fiscal impact based upon their reading of the language in the proposal.

In response to a previous version, 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.

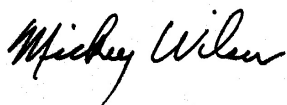
FISCAL DESCRIPTION

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
City of Kansas City
Cass County
Callaway County
St. Louis County
Platte County Election Board
Jackson County Election Board
St. Louis County Election Board
City of Columbia
City of Gladstone
City of Grandview
City of Independence
City of Lee's Summit
City of Liberty



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