

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5496-02  
Bill No.: HB 2140  
Subject: Taxation and Revenue - Sales and Use; Motor Vehicle  
Type: Original  
Date: January 25, 2016

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Bill Summary: This proposal changes the laws regarding sales tax on automobiles and establishes the “Missouri Task Force on Fair, Nondiscriminatory Local Taxation Concerning Motor Vehicles, Trailers, Boats, and Outboard Motors.”

**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 5 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>\$14,667,000</b>	<b>\$44,000,000</b>	<b>\$44,000,000</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Revenue (DOR)** assumed the proposal will not have an administrative impact on the department, but will impact local revenues. DOR officials noted that under the proposal, individuals will continue to pay the current local tax in municipalities that have not passed a motor vehicle sales tax, and the tax generated for those municipalities that have not passed a motor vehicle sales tax is approximately \$44 million annually. This amount will be an increase in revenue until the municipalities pass the tax or until November 2022.

DOR further notes the proposal amends and extends the deadline to have a vote on whether or not to repeal the local sales tax on motor vehicles to November 2022. In 32.087.5(8), the proposal also allows for the tax to be placed on the ballot after November 2016 where the tax has been repealed either by a vote or by the failure to have a vote on whether or not to repeal the tax. Under the proposal, DOR will continue to collect and remit taxes for political subdivisions which did not have a use tax prior to the Missouri Supreme Court *Street* decision, and which have not enacted a motor vehicle sales tax.

DOR notes the proposal also adds and establishes the Missouri Task Force on Fair, Nondiscriminatory Local Taxation Concerning Motor Vehicles, Boats, and Outboard Motors.

Officials from the **Office of Administration - Budget and Planning (B&P)** noted the proposal creates the Missouri Task Force on Fair, Nondiscriminatory Local Taxation Concerning Motor Vehicles, Boats, and Outboard Motors. Further the proposal changes the local sales and use tax laws regarding motor vehicles and any changes made to local rates or items taxed must be voter approved. B&P noted this proposal does not have a statewide effect on Total State Revenue and is not subject to the calculation under Article X, Section 18(e).

**Oversight** assumes a zero fiscal impact for state government funds and positive annual impact of \$44 million for local revenues based upon the information submitted by the DOR.

**Oversight** notes that Section 32.088 provides for the creation of the “Missouri Task Force on Fair, Nondiscriminatory Local Taxation Concerning Motor Vehicles, Trailers, Boats, and Outboard Motors”. Oversight assumes the expenses in the creation of the task force would be less than \$10,000 per year, and therefor immaterial.

ASSUMPTION (continued)

Officials from the **Department of Conservation, the Department of Natural Resources, the Joint Committee on Administrative Rules, Kansas City, Jefferson City, St. Louis County Director of Elections, Platte County Board of Elections and Callaway County** assume no fiscal impact to their respective organizations.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (4 Mo.)	FY 2018	FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2017 (4 Mo.)	 FY 2018	 FY 2019
<b>LOCAL GOVERNMENT</b>			
<u>Revenue - Sales &amp; Use Tax</u>	<u>\$14,667,000</u>	<u>\$44,000,000</u>	<u>\$44,000,000</u>
<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENT</b>	<b><u>\$14,667,000</u></b>	<b><u>\$44,000,000</u></b>	<b><u>\$44,000,000</u></b>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

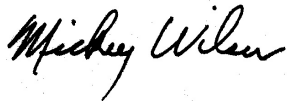
FISCAL DESCRIPTION

The proposed legislation authorizes a taxing jurisdiction to hold a vote on whether to impose a local sales tax on vehicle titling on purchases from a source other than a licensed Missouri dealer after such a tax was repealed.

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 - Division of Budget and Planning  
Department of Conservation  
Department of Natural Resources  
Joint Committee on Administrative Rules  
Jefferson City  
Kansas City  
St. Louis County Director of Elections  
Platte County Director of Elections  
Callaway County



Mickey Wilson, CPA  
Director  
January 25, 2016

Ross Strobe  
Assistant Director  
January 25, 2016