

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5498-01  
Bill No.: SB 834  
Subject: Taxation and Revenue - Sales and Use; Law Enforcement Officers and Agencies;  
 St. Louis County  
Type: Original  
Date: February 24, 2016

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Bill Summary: This proposal authorizes a retail sales tax in St. Louis County to fund county law enforcement.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	\$0 or (\$103,334)	\$0	\$0
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 or (\$103,334)</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>\$0 or \$4,000,000</b>	<b>\$0 or \$16,000,000</b>	<b>\$0 or \$16,000,000</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **Office of Administration's Division of Budget and Planning (B&P)** assume this proposal allows St. Louis County, upon voter approval, to implement a retail sales tax in unincorporated St. Louis County for the purpose of providing law enforcement services. The proposal will increase Total State Revenues by an unknown amount equal to Department of Revenue's cost of collection. B&P defers to DOR for any change in programming or administrative costs for the change in distribution.

Officials at the **Department of Revenue (DOR)** assume §94.860 allows the imposition of a new local tax in St. Louis County of one-half of one percent (0.5%) to provide law enforcement services in the county. DOR assumes the Sales Tax Division will have approximately 25,000 rate change letters to send to businesses and taxpayers at a cost of \$13,875 and Integrated Tax System updates to reflect the new sales tax at a cost of \$103,334. Oversight assumes DOR could provide the information to taxpayers and businesses through regularly scheduled DOR communications including the department website and will not include those costs in this fiscal note.

Officials at the **St. Louis County** assume that if this proposal is approved by voters, it would generate \$16 million annually.

Additionally, if voted on during the August or November election there would be no additional cost to the county. However, if placed on the April ballot then the cost would be \$176,300 and if a special election is called then the cost would be \$268,750.

**Oversight** assumes the vote would occur during an August or November election date and there would be no additional cost to the county for the election.

Officials at the **Joint Committee on Administrative Rules** and **Office of the Secretary of State** each assume there is no fiscal impact from this proposal to their respective agency.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
<b>GENERAL REVENUE</b>			
<u>Cost - DOR</u>			
Computer system changes	<u>\$0 or</u> <u>(\$103,334)</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>\$0 or</u></b> <b><u>(\$103,334)</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
<b>ST. LOUIS COUNTY</b>			
<u>Additional Revenue - Countywide law enforcement sales tax</u>	<u>\$0 or \$4,000,000</u>	<u>\$0 or</u> <u>\$16,000,000</u>	<u>\$0 or</u> <u>\$16,000,000</u>
<b>ST. LOUIS COUNTY</b>	<b><u>\$0 or \$4,000,000</u></b>	<b><u>\$0 or</u></b> <b><u>\$16,000,000</u></b>	<b><u>\$0 or</u></b> <b><u>\$16,000,000</u></b>

FISCAL IMPACT - Small Business

Small businesses in St. Louis County may need to collect the sales tax and be subject to sales tax on purchases.

FISCAL DESCRIPTION

This act allows St. Louis County, upon approval by the county's voters, to impose a sales tax of up to one-half of one percent on all retail sales in unincorporated areas of the county for the purpose of providing law enforcement services to the county. The sales tax must be deposited into the "County Law Enforcement Sales Tax Trust Fund". One percent of the money collected must be deposited in the state's General Revenue for the cost of collection. This act provides procedures in the case of overpayment and abolishment of the tax.

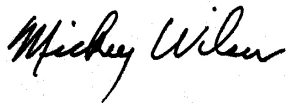
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

HO:LR:OD

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Department of Revenue  
Joint Committee on Administrative Rules  
Office of Administration  
Division of Budget and Planning  
Office of the Secretary of State  
St. Louis County



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February 24, 2016

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