

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5606-05
Bill No.: CCS for HCS for SB 867
Subject: Political Subdivisions; Fire Protection
Type: Original
Date: May 11, 2016

Bill Summary: This proposal contains provisions relating to political subdivisions.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	(Could exceed \$102,920)	(Up to \$525,000)	(Up to \$525,000)
Total Estimated Net Effect on General Revenue	(Could exceed \$102,920)	(Up to \$525,000)	(Up to \$525,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Department of Revenue Technology	Unknown	Unknown	Unknown
Road Funds	(Could exceed \$100,000)	(Could exceed \$100,000)	(Could exceed \$100,000)
Total Estimated Net Effect on <u>Other</u> State Funds	Unknown to (Could exceed \$100,000)	Unknown to (Could exceed \$100,000)	Unknown to (Could exceed \$100,000)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 18 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	Less than \$115,500 or (Unknown)	Less than \$462,000 or (Unknown)	Less than \$462,000 or (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Section 66.620

In response to similar legislation this year, HCS for SS for SB 937, officials at the **Office of Administration's Division of Budget and Planning (B&P)** assumed this alters how the Department of Revenue distributes local sales taxes to municipal governments in St. Louis County. This proposal would not fiscally impact General and Total State Revenue. B&P defers to the Department of Revenue for any programming or administrative costs.

In response to similar legislation this year, HCS for SS for SB 937, officials at the **Department of Revenue (DOR)** assumed that beginning January 1, 2017, if revenue is less than that collected in 2014, the DOR distributes to all Group A and B cities, towns, and villages a portion of taxes based on the formula in Subsection 66.620.4. Beginning January 1, 2017, if sales tax revenues are equal to or greater than that of 2014, the Department distributes to Group A cities, towns, and villages, based on the location where the sales are consummated under Section 66.630 and Subsection 32.087.12 based on the formula in Subsection 66.620.5. Once the Department distributes funds to Group A entities, it must distribute funds to Group B entities following guidelines in Subsection 66.620.5.

DOR's Sales Tax Division will require change in the distribution to Group B cities in St. Louis County to ensure each city receives no less than 50 percent of the tax generated within that city, rather than relying solely on the distribution from the pool. Currently, St. Louis County takes care of the distribution, so unless they agree to continue to perform this action, the Department will need to completely establish the distribution for Group B cities.

DOR's Integrated Tax System would need changes resulting in a cost of \$65,510.

In response to similar legislation this year, HCS for SS for SB 937, officials at the **St. Louis County** assumed this proposal would cost the county \$200,000. The cost would be due to computer reprogramming. Additionally, this would result in a loss of \$1.5 million annually due to the redistribution of the tax.

Oversight assumes this proposal would have no **net** effect on local governments although individual cities may receive more or less revenue than is the case under current provisions.

Oversight assumes this proposal requires the DOR to distribute sales tax collections, therefore the cost cited by St. Louis County has not been included in this fiscal note, and the computer programming cost cited by the DOR is included in this fiscal note.

ASSUMPTION (continued)

In response to similar legislation this year, HCS for SS for SB 937, officials at the **Joint Committee on Administrative Rules** and the **Office of the Secretary of State** each assumed there is no fiscal impact from this proposal to their respective agency.

Section 67.402

In response to similar legislation this year, SCS for HCS for HB 1695, officials at the **Department of Natural Resources** and the **Department of Agriculture** each assume no fiscal impact to their respective agencies from this proposal.

Section 99.845

Officials at the **Department of Economic Development** assume this proposed legislation amends the section 99.845 of the TIF statutes to add a single paragraph stating that notwithstanding any other provision of law to the contrary, the adoption of any TIF authorized under 99.800-99.865 shall not supersede, alter, or reduce in any way a property tax levied under section 205.971 - which are property taxes levied for establishing and maintaining a sheltered workshop.

This legislation as written will apply to existing and new TIFs and will require local TIF projects to not be in compliance with 99.845.4 which requires that local TIFs be in compliance with subsections 4-12 regarding payments in lieu of taxes if they want to be eligible for a state TIF. If this legislation is passed it will cause the local TIFs to no longer be in compliance with subsections 4-12, which will cause the local TIFs to no longer qualify for a state TIF. This means that any existing state TIFs that exist where there is also a local property tax for establishing and maintaining a sheltered workshop will have to be rescinded. This may cause an unknown negative impact to the state. As written, the proposed legislation may cause an unknown negative impact to the state because but/for the TIF, the private investment and economic activity may not occur.

Oversight assumes this proposal, notwithstanding any other provision of the law to the contrary, prohibits the adoption of any tax increment financing from superceding, altering, or reducing sheltered workshop property tax levies. Oversight assumes there might be limitations on where tax increment financing occurs indirectly within §205.971, but there would be no direct fiscal impact from this legislation.

In response to a previous version, officials at the **Office of the Secretary of State** assumed no fiscal impact from this proposal.

ASSUMPTION (continued)

In response to a previous version, SB 869, officials at the **City of Kansas City** and the **City of Columbia** each assumed no fiscal impact to their respective entities from this proposal.

Section 136.055

In response to similar legislation this year, HB 2216, officials at the **Department of Revenue (DOR)** stated this section:

- Provides that, in addition to the \$2.50 notice of lien processing fee, an \$8.50 notice of lien administrative fee will be collected and remitted to the “Department of Revenue Technology Fund”
- The fee expires December 31, 2026, unless re-authorized.

Administrative Impact:

Motor Vehicle Bureau

- Procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours at a cost of \$890 in FY 2017.
- The Department's website will need to be updated. This will require 10 hours for an Administrative Analyst III, at a cost of \$240 in FY 2017.
- The Notice of Lien, Lien Release, or Authorization to Add/Remove Name from Title (DOR-4809) will need to be revised. This will require 40 hours for a Management Analyst Specialist I, at a cost of \$890 in FY 2017.
- The Application for Missouri Title and License (DOR-108) will need to be revised. This will require 40 hours for a Management Analyst Specialist I, at a cost of \$890 in FY 2017.
- The Application for Missouri Boat/Vessel or Outboard Motor Title and Registration (DOR-93) will need to be revised. This will require 40 hours for a Management Analyst Specialist I, at a cost of \$890 in FY 2017.
- The Dealer Operating Manual will need to be revised. This will require 40 hours for a Management Analyst Specialist I, at a cost of \$890 in FY 2017.

ASSUMPTION (continued)

- The Missouri Titling Manual will need to be revised. This will require 40 hours for a Management Analyst Specialist I, at a cost of \$890 in FY 2017.
- MVB user acceptance testing for identified system modifications. 80 hours for each system modification for a total of 240 hours by a Management Analyst Specialist I at a cost of \$2,670 in FY 2017.
- OA-ITSD services are required. Total cost is \$29,160 (388.8 hours x \$75 per hour).

In summary, DOR assumes a cost of \$37,410 (\$890 + \$240 + \$890 + \$890 + \$890 + \$890 + \$890 + \$2,670 + \$29,160) for this proposal.

Revenue Impact:

In FY 2015 there were 616,150 notice of liens processed by the Department including liens filed in paper form and through the Department's online notice of lien application.

By collecting the \$8.50 administrative fee on 616,150 notice of liens processed, \$5,237,275 would be collected and deposited into the Department of Revenue Technology Fund annually.

Oversight notes; however, that this CCS does not have the \$8.50 administrative fee, and instead imposes a \$2 fee for electronic look-up and \$2 for notary fee. Due to time constraints and without a response from the Department of Revenue, Oversight will assume an unknown amount of revenue from this part of the proposal into the DOR Technology Fund. Oversight will also assume DOR's programming costs may be more than their original estimate of \$37,410, so will include "Could exceed" to their estimate.

In response to similar legislation this year, HB 2216, officials from the **Department of Transportation** deferred to DOR to estimate the fiscal impact of the proposed legislation on their respective organization.

In response to similar legislation this year, HB 2216, officials from the **Office of Administration, Division of Budget and Planning**, assumed this proposal would increase the motor vehicle notice of lien processing fee from \$2.50 to \$11 until December 31, 2026, which would count towards the 18(e) calculation.

Currently, the fee office retains the \$2.50 if the lien is processed in the field, or DOR deposits the \$2.50 into General Revenue if the lien is processed at DOR. The additional \$8.50 fee increase will be deposited into the newly created "Department of Revenue Technology Fund" in the State Treasury, increasing Total State Revenues. There will be no impact to General Revenue. DOR

ASSUMPTION (continued)

may have more specific information on the volume of liens each year and the total additional revenue that may be generated.

In response to similar legislation this year, HB 2216, officials from the **State Treasurer's Office** and **State Auditor's Office** each assumed the proposal will have no fiscal impact on their respective organizations.

Section 137.016

In response to a similar proposal (HB 2109) officials from the **Department of Natural Resources (DNR)** assumed the proposal would authorize a state and local sales tax exemption for a bed and breakfast inn in which the owner resides and does not exceed the limit of rooms requirement. DNR assumed the Department of Revenue and the Office of Administration-Division of Budget and Planning would provide a more detailed account of the fiscal impact.

In response to similar legislation this year, HCS for HB Nos. 2298 & 2109, officials from the **Office of Administration-Division of Budget and Planning** assumed that if the proposal results in lower property taxes, the Blind Pension Fund contributions will decrease.

Oversight assumes the proposal provides for a property tax reduction for certain owners of bed and breakfast establishments. **Oversight** notes that the proposal will not affect sales tax liability.

Oversight is providing an example of how the real estate taxes will be impacted by this proposal. Assuming the appraised value of a bed and breakfast which qualifies (owner resides and six or fewer rooms to rent) with an appraised value of \$500,000 would have an assessed value as commercial property (32% rate) of \$160,000 and using the average Missouri tax levy of \$5.48 would yield real estate property taxes of \$8,768. The same property reclassified as residential property (19% rate) would have an assessed value of \$95,000 and using the average Missouri tax levy of \$5.48 would yield real estate property taxes of \$5,206 (a reduction of \$3,562).

Oversight notes the reclassification from commercial real estate to residential real estate will reduce real estate taxes on that parcel by 40.625%.

The number of real estate parcels that qualify is unknown. The number of political subdivisions is unknown. The number of political subdivisions that currently operate under their authorized levy ceiling is unknown.

Officials at the **City of Columbia** assume an unknown loss in property tax revenue from this proposal.

ASSUMPTION (continued)

Oversight will show \$0 to (Unknown) as the amount of impact.

Oversight will assume the impact to the State's Blind Pension Trust Fund (\$0.03 levy) would be immaterial (\$19.50 in example shown above), and will not be reflected in the fiscal note.

In response to similar legislation this year, HCS for HB Nos. 2298 & 2109, officials from the **Department of Revenue**, the **Joint Committee on Administrative Rules** and the **State Tax Commission** assumed no fiscal impact from the proposal

Section 137.100

In response to similar legislation this year, SCS for SB 1094, officials from the **Office of Administration - Division of Budget and Planning (OA-B&P)** assumed this proposal would provide a property tax exemption for privately-owned lands subject to railroad easements on which a state created trail operates

OA-B&P assumes that if property tax receipts decrease then the Blind Pension Fund revenues could decrease, thus lowering Total State Revenues. This may impact 18(e) calculations.

In response to similar legislation this year, SCS for SB 1094, officials from the **State Tax Commission** assumed no direct fiscal impact from this proposal and the full impact would be minimal, as some landowners currently pay taxes; however, easements would be of negligible value.

In response to similar legislation this year, SCS for SB 1094, officials from the **Department of Natural Resources**, the **Department of Revenue** the **Department of Conservation** and the **Department of Transportation** assumed no direct fiscal impact from this proposal.

Due to the negligible values, minimal property taxes, and the small amount of effect to the State's Blind Pension Trust Fund (\$.03 levy), **Oversight** will show no fiscal impact in the fiscal note.

Section 137.115

In response to a previous version, officials from **St. Louis County** and **Kansas City** assumed no impact to their organizations.

Oversight is unable to determine how many mining properties would be reclassified and assessed based upon how the real estate property is currently being used. Oversight assumes only local revenues at an immaterial amount would be affected by this proposal and will show no financial impact.

ASSUMPTION (continued)

Sections 137.565, 233.180, 233.295

In response to a previous version, officials at the **Missouri Department of Transportation** assumed no fiscal impact from this proposal.

In response to a previous version, officials at **St. Louis County** and the **Callaway County Commission** each assume no fiscal impact to their respective entities from this proposal.

Section 143.112

In response to similar legislation this year, HCS for HB 1386, officials from the **Division of Fire Safety (DPS)** stated this proposal would provide an income tax deduction for volunteer fire fighters who meet specific training requirements. The legislation provides for a tax deduction of \$500 annually for volunteers who complete 12 hours of training approved by the Division of Fire Safety, and a deduction of \$1,000 for volunteer fire fighters who complete the Basic Fire Fighter course, or Fire Fighter 1 or 2 certification.

The proposal would make DPS responsible for developing procedures for this process, administering the training programs, verifying the fire fighter is in good standing with a registered fire department, and verifying the training hours for individuals applying for the credit.

DPS officials noted the Division of Fire Safety has administered and maintained a training and certification program for fire fighters for nearly 25 years, and stated more than 25,000 fire fighters and emergency responders have been trained with more than 60,000 certifications issued by the Division. DPS officials noted this requirement would increase the workload of the current training and certification program.

DPS officials assume the Division would request a one-thousand hour clerical position to process and evaluate the applications for tax credit eligibility, along with supporting expense funding to administer these additional duties.

DPS officials provided an estimate of the cost to implement this proposal of \$15,233 for FY 2017, \$17,480 for FY 2018, and \$17,766 for FY 2019.

Oversight will assume for fiscal note purposes, the additional responsibilities involved in implementing this proposal would not result in a significant increase in the DPS workload and could be absorbed with existing resources. If unanticipated additional costs are incurred or if multiple proposals are implemented that significantly increase DPS costs or the workload for DPS employees, resources could be requested through the budget process.

ASSUMPTION (continued)

In response to similar legislation this year, HCS for HB 1386, officials from the **Office of Administration - Division of Budget and Planning (B&P)** assumed this proposal would reduce Total State Revenues (TSR) by \$525,000 and would impact the calculation required under Article X, Section 18(e) of the state constitution.

B&P officials noted that beginning in 2017 this proposal would create a deduction for volunteer fire fighters who meet certain criteria. Volunteer fire fighters who complete at least 12 hours of training would be allowed a deduction of \$500 per year and those who either complete the Basic Fire Fighter program or become certified after completing the Fire Fighter I and II program would be allowed a deduction of \$1,000. B&P officials stated that information provided by the Department of Public Safety indicated there are 15,000 volunteer firefighters who completed 12 or more hours of training in a year, an average of 298 who complete Basic Fire Fighter Training, and an average of 947 who complete the Fire Fighter I and II program.

B&P officials noted that deductions do not reduce taxes on a dollar for dollar basis, but calculated this deduction would reduce TSR by \$525,000 per year. The numbers may vary in the future due to the impact of SB 509 (2014).

Oversight will use the B&P estimate of eligible firefighters and notes this proposal could reduce Missouri personal income tax revenues as follows:

	Number of firefighters		Total Deductions
Volunteers who complete twelve hours of training per year	15,000	\$500	\$7,500,000
Volunteers who complete Basic Firefighter Training	298	\$1,000	\$298,000
Volunteers who complete Firefighter I and II Training	947	\$1,000	\$947,000
Totals	<u>16,245</u>		<u>\$8,745,000</u>
Revenue reduction			<u>\$525,000</u>

ASSUMPTION (continued)

Oversight notes the latest B&P estimate is based upon a marginal tax rate of 6%, and in the prior estimate B&P used a marginal tax rate of 5.9%.

Oversight assumes the amount calculated above would be the maximum revenue reduction for this proposal, since some eligible firefighters may not file a tax return, may not be able to use the deduction, or may not pay state income tax at the maximum individual rate. Oversight also notes the potential exists for a reduction in the personal income tax rates for 2018, which would have a fiscal impact in FY 2019 when 2018 income tax returns are filed. The rate reduction is contingent on net general revenue collections for the state of Missouri exceeding a statutory threshold, which may or may not occur. Accordingly, Oversight will include a revenue reduction estimate up to the amount calculated above for this proposal.

In response to similar legislation this year, HCS for HB 1386, officials from the **Department of Revenue (DOR)** assumed that implementing this proposal would require programming and form changes; in addition, Personal Tax would require two additional Revenue Processing Technicians I (Range 10, Step L) for correspondence and error corrections and Collections and Tax Assistance (CATA) would require two additional Tax Collection Technicians I for contacts on the delinquent and non-delinquent tax lines. Each technician would require CARES equipment and license.

DOR officials provided an estimate of the administrative cost to implement the proposal including four additional employees; the total including additional employees, benefits, equipment, and expense, was \$175,147 for FY 2017, \$181,985 for FY 2018, and \$183,470 for FY 2019.

Oversight notes this proposal would change a limited number of computations on individual income tax returns and would not be expected to have an impact on the number of returns filed. Oversight notes a significantly high percentage of income tax returns are prepared online, electronically, or by paid preparers, and assumes there would not be a significant number of additional errors resulting from the changes in this proposal. Oversight assumes existing DOR staffing would be adequate to implement this proposal. If unanticipated additional costs are incurred or if multiple proposals are implemented that increase DOR costs or the workload for DOR employees, resources could be requested through the budget process.

DOR officials assumed there would be no IT cost to implement the proposal since the changes could be incorporated into the new integrated system.

ASSUMPTION (continued)

In response to similar legislation this year, HCS for HB 1386, officials from the **Office of the Secretary of State (SOS)** stated many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the Secretary of State's Office for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be greater than our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

In response to similar legislation this year, HCS for HB 1386, officials from the **Joint Committee on Administrative Rules** assumed this proposal would not have a fiscal impact to their organization in excess of existing resources.

Section 182.802

In response to similar legislation this year, HCS for SS for SB 937, officials from the **B&P** assumed this proposal allows the voters in Cedar County to impose a sales tax up to .5% for library funding purposes. According to information published by Department of Revenue, taxable sales in Cedar County totaled \$92.3 million in fiscal year 2015. Therefore, this sales tax might generate \$462,000 annually.

Oversight assumes an effective date of April 1, 2017, for the effective date of the proposal, assuming voter approval on a November 2016 election date.

Oversight will use a range of \$0 (rejected by voters) or up to \$462,000 (voters could decide to adopt a .25% or .5% local sales tax).

Section 184.815

In response to similar legislation this year, HCS for SCS for SB 800, officials at the **Department of Economic Development** assumed no fiscal impact from this proposal.

Section 190.335

Oversight assumes this section adds a third class county with a township to the proposal and will have no direct fiscal impact.

ASSUMPTION (continued)

Section 221.407

In response to similar legislation this year, HCS for SS for SB 937, officials at the **B&P**, the **Office of the State Auditor** and the **Office of the State Treasurer** each assumed no fiscal impact to their respective agencies from this proposal

In response to similar legislation this year, HCS for SS for SB 937, officials at the **DOR**, and the **State Tax Commission** each assumed no fiscal impact to their respective agencies from this proposal

Sections 227.432, 227.446

Oversight assumes these sections of the proposal erect and maintain appropriate signage that designate parts of a highway with costs being paid by private donations. Therefore, Oversight assumes no fiscal impact from this proposal.

Section 304.190

Oversight assumes this creates a new commercial zone in Jackson County. For similar proposals from this year and 2015, officials from the Department of Transportation have assumed the increased weight limits would increase the wear and tear on roadway within the zones. Therefore, Oversight will reflect a fiscal impact to the Road Funds.

Section 311.179

In response to similar legislation this year, HCS for HB 1664, officials at the **Department of Public Safety's Alcohol and Tobacco Control** and the **Department of Revenue** each assume no fiscal impact to their respective agencies from this proposal.

Section 347.048

In response to similar legislation this year, HB 1708, officials from the **Office of the Secretary of State (SOS)** stated many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules

ASSUMPTION (continued)

requirements should the need arise based on a review of the finally approved bills signed by the Governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

In response to similar legislation this year, HB 1708, officials at the **Department of Insurance, Financial Institutions and Professional Registration** assumed no fiscal impact from this proposal.

In response to similar legislation this year, HB 1708, officials at **St. Louis County** and the **City of Kansas City** each assumed no fiscal impact to their respective entities from this proposal.

Bill as a whole

Officials at the **Office of the State Courts Administrator** assume no fiscal impact from this proposal.

In response to a previous version, officials at the **Department of Elementary and Secondary Education**, the **Department of Natural Resources**, the **Department of Revenue**, the **Office of the State Treasurer** and the **State Tax Commission** each assumed no fiscal impact to their respective agencies from this proposal.

In response to a previous version, officials at the **Jackson County Board of Election Commission**, the **Platte County Board of Election Commission**, the **Callaway County Commission** and the **St. Louis County Board of Election Commission** each assumed no fiscal impact to their respective entities from this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
GENERAL REVENUE			
<u>Cost - DOR - Computer programming</u> (Section 66.620)	(\$65,510)	\$0	\$0
<u>Cost - DOR - Administrative and</u> <u>programming costs (Section 136.055)</u>	(Could exceed \$37,410)	\$0	\$0
<u>Revenue reduction - Tax deduction for</u> <u>firefighters who have completed training</u> (Section 143.112)	\$0	(Up to <u>\$525,000</u>)	(Up to <u>\$525,000</u>)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(Could exceed \$102,920)</u>	<u>(Up to \$525,000)</u>	<u>(Up to \$525,000)</u>
DEPARTMENT OF REVENUE TECHNOLOGY FUND			
<u>Revenue - DOR - \$2 Electronic look-up</u> <u>fee and \$2 notary fee (Section 136.055)</u>	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
ESTIMATED NET EFFECT ON DEPARTMENT OF REVENUE TECHNOLOGY FUND	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
ROAD FUNDS			
<u>Cost - MoDOT - creation of commercial</u> <u>zone in Jackson County - increased</u> <u>weight limits increases the wear and tear</u> <u>on roadway</u>	(Could exceed <u>\$100,000</u>)	(Could exceed <u>\$100,000</u>)	(Could exceed <u>\$100,000</u>)
ROAD FUNDS	<u>(Could exceed \$100,000)</u>	<u>(Could exceed \$100,000)</u>	<u>(Could exceed \$100,000)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
LOCAL POLITICAL SUBDIVISIONS			
<u>Additional Revenue</u> - some cities in St. Louis County may receive additional sales tax revenue - (Section 66.620)	Unknown	Unknown	Unknown
<u>Revenue Reduction</u> - some cities in St. Louis County and St. Louis County may receive less sales tax revenue (Section 66.620)	(Unknown)	(Unknown)	(Unknown)
<u>Revenue</u> - Cedar county Library sales tax (Section 182.802)	\$0 or up to \$115,500	\$0 or up to \$462,000	\$0 or up to \$462,000
<u>Revenue Reduction</u> - Property Tax Revenue (various)	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	Less than \$115,500 or (Unknown)	Less than \$462,000 or (Unknown)	Less than \$462,000 or (Unknown)

FISCAL IMPACT - Small Business

There could be a direct fiscal impact to small businesses as a result of this proposal.

FISCAL DESCRIPTION

Section 72.418

Currently, in St. Louis County, when a fire protection district services an area annexed by a city with a municipal fire department, the fire protection district continues to provide fire protection and emergency medical services to the area, the city pays to the fire protection district an amount equal to that which the fire protection district would have levied in the annexed area, and the annexed area is not subject to taxation by the fire protection district except for bonded indebtedness incurred prior to the annexation.

This bill specifies that for property within a fire protection district that is annexed by a city after the effective date of the bill, the fire protection district must continue to provide services to the annexed area, and the annexed property must continue to be subject to taxation by the fire protection district and not to the city for fire protection and emergency medical services.

The amount that the city must pay to the fire protection district must be phased out, and the amount the annexed area must pay to the fire protection district must be conversely phased in, until only the annexed area pays the fire protection district. The annexed area must not be subject to taxation by the city for fire protection and emergency medical services. The phase out will not become effective until approved by the voters in the annexed area.

Section 137.016

The proposal changes the classification of a bed and breakfast inn in which the owner resides and has six or less rooms for rent from commercial property to residential property for real property taxation purposes.

Section 182.802

This amendment authorizes Cedar county to impose a local sales tax up to .5% for funding a public library district.

Section 221.407

This proposal extends the expiration date of the provisions authorizing the commission of any regional jail district to submit a ballot proposal imposing a region-wide sales tax for the purpose of funding a regional jail to September 30, 2028.

Section 321.553

Allows for the governing body of any fire protection district to impose a sales tax submitted to the voters of the fire protection district.

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

Missouri Department of Transportation
Department of Economic Development
Office of the Secretary of State
Department of Natural Resources
Department of Insurance, Financial Institutions and Professional Registration
Office of the State Courts Administrator
Department of Elementary and Secondary Education
Department of Revenue
Office of the State Treasurer
State Tax Commission
Platte County Board of Election Commission
City of Kansas City
City of Columbia
Jackson County Board of Election Commission
St. Louis County Board of Election Commission
St. Louis County
Callaway County Commission
Office of Administration
 Division of Budget and Planning
Joint Committee on Administrative Rules
Department of Agriculture
Office of the State Auditor
Department of Conservation
Department of Public Safety
 Division of Fire Safety
 Alcohol and Tobacco Control



Mickey Wilson, CPA
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May 11, 2016

Ross Strobe
Assistant Director
May 11, 2016