

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5747-02
Bill No.: SB 906
Subject: Taxation and Revenue - Sales and Use; Revenue Department; Motor Vehicle
Type: Original
Date: February 2, 2016

Bill Summary: This proposal creates the “Missouri Task Force on Fair, Nondiscriminatory Local Taxation Concerning Motor Vehicles, Trailers, Boats, and Outboard Motors.”

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	\$14,667,000	\$44,000,000	\$44,000,000

FISCAL ANALYSIS

ASSUMPTION

Section 32.087 Local Sales Tax

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32.087.5(8), the proposal also allows for the tax to be placed on the ballot after November 2016 where the tax has been repealed either by a vote or by the failure to have a vote on whether or not to repeal the tax.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.

In a similar proposal (HB 2140, 2016), officials from the **Office of Administration - Budget and Planning (B&P)** noted 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).

Officials from the **Platte County Board of Elections**, the **City of Columbia** and the **City of Kansas City** assume no fiscal impact to their respective organizations.

Officials from **Callaway County** assume a negative impact of \$125,000 if the proposal is not passed.

In a similar proposal (HB 2140, 2016) officials from the **Department of Conservation**, the **Department of Natural Resources**, the **Joint Committee on Administrative Rules**, **Jefferson City**, and the **St. Louis County Director of Elections**, assume no fiscal impact to their respective organizations.

ASSUMPTION (continued)

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.

Section 32.088 Creation of Committee

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

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 therefore immaterial.

<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
LOCAL GOVERNMENT			
<u>Revenue - Sales & Use Tax Section 32.087</u>	<u>\$14,667,000</u>	<u>\$44,000,000</u>	<u>\$44,000,000</u>
 ESTIMATED NET EFFECT ON LOCAL GOVERNMENT	 <u>\$14,667,000</u>	 <u>\$44,000,000</u>	 <u>\$44,000,000</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

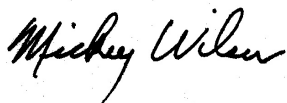
The proposed legislation authorizes a taxing jurisdiction to hold a vote on whether to impose a local sales tax on vehicle titling on purchases from a source other than a licensed Missouri dealer after such a tax was repealed.

Under current law, taxing jurisdictions may hold such votes until November, 2016. This proposal would extend authority to hold elections until November, 2022.

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
Columbia
Jefferson City
Kansas City
St. Louis County Director of Elections
Platte County Director of Elections
Callaway County



Mickey Wilson, CPA
Director
February 2, 2016

Ross Strope
Assistant Director
February 2, 2017