

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0432-02  
Bill No.: SB 49  
Subject: Taxation and Revenue - Sales and Use; Saint Louis City; Saint Louis County;  
 Counties  
Type: Original  
Date: February 7, 2017

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Bill Summary: This proposal would allow the City of St. Louis and St. Louis, Jefferson, St. Charles, and Franklin Counties to propose to the voters a 1/8th of one cent sales tax to fund the St. Louis Zoo.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	\$0	\$0 to \$285,640	\$0 to \$380,853
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0 to \$285,640</b>	<b>\$0 to \$380,853</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
<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 10 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</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 2018</b>	<b>FY 2019</b>	<b>FY 2020</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 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
<b>Local Government</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to \$28,278,329</b>	<b>\$0 to \$37,704,439</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** assume this proposal may impact the Department of Revenue (DOR) collection systems, and deferred to DOR for related costs. BAP officials stated that voter-approved taxes do not impact Total State Revenue, but the additional collection fee does. BAP officials also stated this legislation would not impact the revenue limitation calculation required by the state constitution.

BAP officials provided an estimate of revenue for this proposal as follows. In the most recent fiscal year available (FY 2016), taxable sales and use transactions for the City of St. Louis, St. Louis County, St. Charles County, Jefferson County, and Franklin County were \$30,468,233,545. Budget and Planning carried this number forward in FY 2017 - FY 2020. The earliest possible effective date of this legislation is the final quarter of FY 2018, so the first full fiscal year impact would not occur until FY 2019. Budget and Planning estimates that final collections for the zoo could be \$37,704,439 per fiscal year, after \$380,853 has been retained to the General Revenue Fund by DOR.

**Oversight** will, for fiscal note purposes, assume the gross amount of additional revenue for this proposal could be calculated using the BAP summary of the taxable sales base as  $(\$30,468,233,545 \times .00125) = \$38,085,292$  and will include that amount in the fiscal note. Oversight will also include an estimate of additional Department of Revenue withholding for this proposal. Because the proposed sales tax is subject to voter approval and the tax may be approved in none, some, or all of the eligible political subdivisions, the revenues will be ranged from \$0 to the calculated amounts.

**Oversight** notes this proposal would make the proposed sales tax subject to voter approval, and will include an election cost of \$0 to (Unknown) in FY 2018. If a special election was held in conjunction with the April, 2018 municipal elections and approved by the voters, the sales tax could become effective at the beginning of the second following calendar quarter, on September 1, 2018 (FY 2019). There would be three quarters of revenue  $(\$38,085,292 \times .75) = \$28,563,969$  in FY 2019 and a full year of revenue in FY 2020.

ASSUMPTION (continued)

Officials from the **Department of Revenue (DOR)** provided the following response.

The proposal would allow an eligible city or county the authority to impose by ordinance or order a sales tax on all retail sales made within the city or county of one-eighth of one percent to support zoological activities, facilities, and organizations. The proposal would require all sales tax collected by the Department, less one percent for cost of collection, to be deposited into the State's General Revenue Fund after payment of premiums for surety bonds, and then into the Saint Louis Zoological Sales Tax Trust Fund. The Department would then distribute the moneys fund from the previous month to the Zoological Sales Tax Fund Commission.

DOR officials did not provide an estimate of administrative cost for this proposal, and **Oversight** assumes DOR could implement this proposal with existing resources. If unanticipated costs are incurred, or if multiple proposals are implemented which increase DOR costs, resources could be requested through the budget process.

IT Impact

DOR officials assume the Integrated Tax System would require additional programming to implement the provisions of this legislation at a cost of \$6,500.

**Oversight** assumes DOR could implement this proposal with existing resources. If unanticipated costs are incurred, or if multiple proposals are implemented which increase DOR costs, resources could be requested through the budget process.

Officials from the **University of Missouri - Economic and Policy Analysis Research Center (EPARC)** assume this proposal would allow the City of St. Louis and St. Louis, Jefferson, St. Charles and Franklin Counties to submit to the voters a proposition for a one-eighth of one percent sales tax to fund the St. Louis Zoo.

ASSUMPTION (continued)

City of St. Louis

The City of St. Louis sales tax base has averaged \$3,887,505,475 over the last three years. Should a new one-eighth of one percent sales tax be implemented throughout the City of St. Louis causing the after-tax price for all goods to increase by one-eighth of one percent, we estimate an approximate one-eighth of one percent decline in the demand for all goods reducing the tax base to \$3,882,652,160. Using this figure, a one-eighth of one percent sales tax on this base would yield new collections of \$4,853,315; \$4,804,782 for the zoological sales tax fund and \$48,533 to the General Revenue for the state collection charges.

**EPARC** officials assume the aforementioned reduction in the sales tax base would impact other sales tax collections throughout the City of St. Louis. The impact of the reduction in tax base by one-eighth of one percent would reduce all other existing collections within City of St. Louis by approximately one-eighth of one percent, an aggregate reduction of \$232,555 of which \$4,651 represents the reduction in an assumed 2% General Revenue Collection Fee. The reduction in the tax base in the City of St. Louis from \$3,887,505,475 to \$3,882,652,160 would reduce the 3% General Revenue Sales Tax collection from \$116,625,164 to \$116,479,565 annually, a reduction of \$145,599.

St. Louis County

The St. Louis County sales tax base has averaged \$15,586,807,847 over the last three years. Should a new one-eighth of one percent sales tax be implemented throughout St. Louis County causing the after-tax price for all goods to increase by one-eighth of one percent, we estimate an approximate one-eighth of one percent decline in the demand for all goods reducing the tax base to \$15,567,348,661. Using this figure, a one-eighth of one percent sales tax on this base would yield new collections of \$19,459,186; \$19,264,594 for the zoological sales tax fund and \$194,592 to General Revenue for the state collection charges.

EPARC officials assume the aforementioned reduction in the sales tax base would impact other sales tax collections throughout St. Louis County. The impact of the reduction in tax base by one-eighth of one percent would reduce all other existing collections within St. Louis County by approximately one-eighth of one percent, an aggregate reduction of \$834,479 of which \$16,690 represents the reduction in an assumed 2% General Revenue Collection Fee. The reduction in the tax base in St. Louis County from \$15,586,807,847 to \$15,567,348,661 would reduce the 3% General Revenue Sales Tax collection from \$467,604,235 to \$467,020,460 annually, a reduction of \$583,775.

ASSUMPTION (continued)

St. Charles County

The St. Charles County sales tax base has averaged \$4,992,090,290 over the last three years. Should a new one-eighth of one percent sales tax be implemented throughout St. Charles County causing the after-tax price for all goods to increase by one-eighth of one percent, we estimate an approximate one-eighth of one percent decline in the demand for all goods reducing the tax base to \$4,985,857,968. Using this figure, a one-eighth of one percent sales tax on this base would yield new collections of \$6,232,322; \$6,169,999 for the zoological sales tax fund and \$62,323 to the General Revenue Fund for state collection charges.

**EPARC** officials assume the aforementioned reduction in the sales tax base would impact other sales tax collections throughout St. Charles County. The impact of the reduction in tax base by one-eighth of one percent would reduce all other existing collections within St. Charles County by approximately one-eighth of one percent, an aggregate reduction of \$239,087 of which \$4,782 represents the reduction in an assumed 2% General Revenue Collection Fee. The reduction in the tax base in St. Charles County from \$4,992,090,290 to \$4,985,857,968 would reduce the 3% General Revenue Sales Tax collection from \$149,762,709 to \$149,575,739 annually, a reduction of \$186,970.

Jefferson County

The Jefferson County sales tax base has averaged \$2,230,283,645 over the last three years. Should a new one-eighth of one percent sales tax be implemented throughout Jefferson County causing the after-tax price for all goods to increase by one-eighth of one percent, we estimate an approximate one-eighth of one percent decline in the demand for all goods reducing the tax base to \$2,227,499,271. Using this figure, a one-eighth of one percent sales tax on this base would yield new collections of \$2,784,374; \$2,756,530 for the zoological sales tax fund and \$27,844 to General Revenue for state collection charges.

EPARC officials assume the aforementioned reduction in the sales tax base would impact other sales tax collections throughout Jefferson County. The impact of the reduction in tax base by one-eighth of one percent would reduce all other existing collections within Jefferson County by approximately one-eighth of one percent, an aggregate reduction of \$92,817 of which \$1,856 represents the reduction in an assumed 2% General Revenue Collection Fee. As well, the reduction in the tax base in Jefferson County from \$2,230,283,645 to \$2,227,499,271 would reduce the 3% General Revenue Sales Tax collection from \$66,908,509 to \$66,824,978 annually, a reduction of \$83,531.

ASSUMPTION (continued)

Franklin County

The Franklin County sales tax base has averaged \$1,151,574,890 over the last three years. Should a new one-eighth of one percent sales tax be implemented throughout Franklin County causing the after-tax price for all goods to increase by one-eighth of one percent, we estimate an approximate one-eighth of one percent decline in the demand for all goods reducing the tax base to \$1,150,137,219. Using this figure, a one-eighth of one percent sales tax on this base would yield new collections of \$1,437,672; \$1,423,295 for the zoological sales tax fund and \$14,377 to General Revenue for state collection charges.

**EPARC** officials assume the aforementioned reduction in the sales tax base would impact other sales tax collections throughout Franklin County. The impact of the reduction in tax base by one-eighth of one percent would reduce all other existing collections within Franklin County by approximately one-eighth of one percent, an aggregate reduction of \$55,514 of which \$1,110 represents the reduction in an assumed 2% General Revenue Collection Fee. The reduction in the tax base in Franklin County from \$1,151,574,890 to \$1,150,137,219 would reduce the 3% General Revenue Sales Tax collection from \$34,547,247 to \$34,504,117 annually, a reduction of \$43,130.

The EPARC revenue estimates for this proposal can be summarized in the following table.

Political Subdivision	Sales Tax for Zoo Purposes	General Revenue Fund Collection Charges
City of St. Louis	\$4,804,782	\$48,533
S. Louis County	\$19,264,594	\$194,592
St. Charles County	\$6,169,999	\$62,323
Jefferson County	\$2,756,530	\$27,844
Franklin County	\$1,423,295	\$14,377
Total	\$34,419,200	\$347,669

ASSUMPTION (continued)

**Oversight** will consider the EPARC projected changes in the taxable sales base for this proposal as a secondary impact from this proposal and will not include them in this fiscal note.

According to officials from the **Office of the Secretary of State (SOS)**, 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, 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 in excess of what 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.

**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.

Officials from the **Joint Committee on Administrative Rules** state this legislation is not anticipated to cause a fiscal impact to their organization.

Officials from **Franklin County, Jefferson County, St. Charles County, St. Louis County,** and the **City of St. Louis** did not respond to our request for information.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
<b>GENERAL REVENUE FUND</b>			
<u>Additional Revenue - DOR</u>			
1% Collection charges	<u>\$0</u>	<u>\$0 to \$285,640</u>	<u>\$0 to \$380,853</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>\$0</u></b>	<b><u>\$0 to \$285,640</u></b>	<b><u>\$0 to \$380,853</u></b>



<u>FISCAL IMPACT - Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
<b>LOCAL GOVERNMENTS</b>			
<u>Additional revenue</u> - Zoo sales tax	\$0	\$0 to \$28,563,969	\$0 to \$38,085,292
<u>Revenue reduction</u> - State 1% collection charges	<u>\$0</u>	<u>\$0 to (\$285,640)</u>	<u>\$0 to (\$380,853)</u>
<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS</b>	<b><u>\$0 to (Unknown)</u></b>	<b><u>\$0 to \$28,278,329</u></b>	<b><u>\$0 to \$37,704,439</u></b>

FISCAL IMPACT - Small Business

This proposal would have a direct fiscal impact to small businesses which purchase taxable goods or services.

FISCAL DESCRIPTION

This proposal would allow the City of St. Louis and St. Louis, Jefferson, St. Charles, and Franklin Counties to propose a 1/8th of once cent sales tax to fund the St. Louis Zoo.

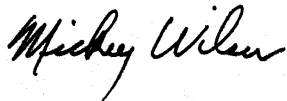
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State  
Joint Committee on Administrative Rules  
Office of Administration  
    Division of Budget and Planning  
Department of Revenue  
University of Missouri  
    Economic and Policy Analysis Research Center

**Not responding**

Franklin County  
Jefferson County  
St. Charles County  
St. Louis County  
City of St. Louis



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February 7, 2017

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