

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0432-05  
Bill No.: Perfected SS for SCS for SB 49  
Subject: Taxation and Revenue - Sales and Use; Saint Louis City; Saint Louis County;  
 Counties  
Type: Original  
Date: April 18, 2017

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Bill Summary: This proposal would allow the City of St. Louis and St. Louis County to propose to the voters a 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 \$203,607	\$0 to \$271,476
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0 to \$203,607</b>	<b>\$0 to \$271,476</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
 This fiscal note contains 6 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 \$20,157,101</b>	<b>\$0 to \$26,876,135</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of Administration - Division of Budget and Planning (B&P)** assume that proposed Section 67.547 would allow the City of St. Louis and St. Louis County to adopt a voter-approved sales tax to support the St. Louis Zoo. This tax could not exceed 1/8th of one percent but it would be exempt from the current requirement for St. Louis County to split such tax proceeds between the county and the municipalities.

B&P officials noted in the most recent fiscal year available (FY 2016), taxable sales and use revenues for the City of St. Louis and St. Louis County were \$21,718,088,481. A one-eighth percent (0.125%) sales tax would generate  $(\$21,718,088,481 \times .00125) = \$27,147,611$  or \$26,876,135 per fiscal year after the Department of Revenue (DOR) retains \$271,476 in collection costs. B&P officials also noted that the first full fiscal year impact would not occur until FY 2019, as the earliest possible effective date of the zoo tax is the final quarter of FY 2018.

The B&P response included an estimate for FY 2018 revenue of  $(\$26,876,135 \times .25) = \$6,719,034$  in local government revenue after DOR retains  $(\$271,476 \times .25) = \$67,869$ .

**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 the proposition was 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  $(\$26,876,135 \times .75) = \$20,157,101$  for local governments in FY 2019 and a full year of revenue in FY 2020. There would also be  $(\$271,476 \times .75) = \$203,607$  in state revenues from DOR withholdings in 2019 and a full year of such revenues in 2020.

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 estimated revenues will be ranged from \$0 to the calculated amounts.

ASSUMPTION (continued)

Officials from the **Office of the Secretary of State** assumed a previous version of this proposal would have no fiscal impact on their organization.

Officials from the **Joint Committee on Administrative Rules** and the **Department of Revenue** assume this proposal would have no fiscal impact on their organizations.

Officials from the **University of Missouri - Economic and Policy Analysis Research Center (EPARC)** stated they are unable to provide an impact estimate for this proposal.

In response to a previous version of this proposal, officials from **St. Louis County** did not provide an estimate of potential revenues for the proposal but provided an estimated cost of \$350,000 to hold a countywide election.

Officials from the **City of St. Louis** did not respond to our request for information.

Amendment 1

**Oversight** notes this amendment would require two years to elapse after an election on the proposed sales tax authorized in this proposal before another such election could be submitted to the voters. The amendment would also provide a limit on voter approved dedicated sales taxes, and would define how the impact of the sales tax that would be authorized by this proposal would be considered in that sales tax limit.

**Oversight** assumes the amendment would not change the fiscal impact of the proposal.

<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 \$203,607</u>	<u>\$0 to \$271,476</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>\$0</u></b>	<b><u>\$0 to \$203,607</u></b>	<b><u>\$0 to \$271,476</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
<b>LOCAL GOVERNMENTS</b>			
<u>Additional revenue - Zoo sales tax</u>	\$0	\$0 to \$20,360,708	\$0 to \$27,147,611
<u>Cost - election to approve sales tax</u>	\$0 to (Unknown)	\$0	\$0
<u>Revenue reduction - State 1% collection charges</u>	<u>\$0</u>	<u>\$0 to (\$203,607)</u>	<u>\$0 to (\$271,476)</u>
<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS</b>	<b><u>\$0 to (Unknown)</u></b>	<b><u>\$0 to \$20,157,101</u></b>	<b><u>\$0 to \$26,876,135</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 County to propose an up to 1/8th of once cent sales tax to fund the St. Louis Zoo.

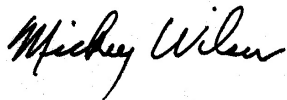
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

### 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  
St. Louis County

### **Not responding**

City of St. Louis



Mickey Wilson, CPA  
Director  
April 18, 2017

Ross Strobe  
Assistant Director  
April 18, 2017