

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0432-05
Bill No.: Truly Agreed To and Finally Passed SS for SCS for SB 49
Subject: Taxation and Revenue - Sales and Use; Saint Louis City; Saint Louis County;
 Counties
Type: Original
Date: May 30, 2017

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

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	\$0	\$0 to \$203,607	\$0 to \$271,476
Total Estimated Net Effect on General Revenue	\$0	\$0 to \$203,607	\$0 to \$271,476

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

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
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 2018	FY 2019	FY 2020
Local Government	\$0 to (Unknown)	\$0 to \$20,157,101	\$0 to \$26,876,135

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration - Division of Budget and Planning (B&P)** assume that proposed Section 67.547 includes language that would allow the City of St. Louis and St. Louis County to adopt a voter-approved sales tax to support the St. Louis Zoo. The tax rate could not exceed 1/8th of one percent but the sales tax would be exempt from the current requirement for St. Louis County to split such tax proceeds between the county and the municipalities. The proposal also includes language that would require a county to wait at least two years between sales tax referendums for proposed sales taxes in the section.

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 for 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 to a previous version of this proposal included an estimate for FY 2018 revenue of $(\$26,876,135 \times .25) = \$6,719,034$ in local government revenue after DOR retains $(\$271,476 \times .25) = \$67,869$ for collection costs.

B&P officials stated that proposed language in Section 144.026 would prohibit DOR from notifying businesses of tax changes due to a recent court decision *IBM Corporation v. Director of Revenue* until August 28, 2018. Without notification to businesses, DOR cannot begin to collect taxes from those impacted by the court ruling until after August 2018. Otherwise, those taxes would be due under that court ruling. This section would not impact TSR or 18(e).

ASSUMPTION (continued)

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.

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.

Officials from the **Office of the Secretary of State**, 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.

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

	FY 2018	FY 2019	FY 2020
<u>FISCAL IMPACT - State Government</u>	(10 Mo.)		

GENERAL REVENUE FUND

<u>Additional Revenue - DOR</u>			
1% Collection charges	<u>\$0</u>	<u>\$0 to \$203,607</u>	<u>\$0 to \$271,476</u>

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>\$0</u>	<u>\$0 to \$203,607</u>	<u>\$0 to \$271,476</u>
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	FY 2018	FY 2019	FY 2020
<u>FISCAL IMPACT - Local Government</u>	(10 Mo.)		

LOCAL GOVERNMENTS

<u>Additional revenue - Zoo sales tax</u>	\$0	\$0 to \$20,360,708	\$0 to \$27,147,611
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<u>Cost - election to approve sales tax</u>	\$0 to (Unknown)	\$0	\$0
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<u>Revenue reduction - State 1% collection charges</u>	<u>\$0</u>	<u>\$0 to (\$203,607)</u>	<u>\$0 to (\$271,476)</u>
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ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS	<u>\$0 to (Unknown)</u>	<u>\$0 to \$20,157,101</u>	<u>\$0 to \$26,876,135</u>
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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 a sales tax up to 1/8th of one percent to fund the St. Louis Zoo.

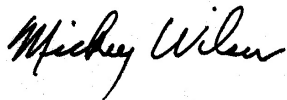
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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
May 30, 2017

Ross Strobe
Assistant Director
May 30, 2017