

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0459S.01I  
 Bill No.: SB 203  
 Subject: Taxation and Revenue - Sales and Use; Department of Revenue  
 Type: Original  
 Date: February 10, 2023

Bill Summary: This proposal authorizes a sales tax refund for certain taxpayers audited by the department of revenue.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
General Revenue	Unknown, less than (\$100,000)	\$0	\$0
<b>Total Estimated Net Effect on General Revenue</b>	<b>Unknown, less than (\$100,000)</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
School District Trust Fund (0688)	Unknown, less than (\$100,000)	\$0	\$0
Conservation Commission Fund (0609)	Unknown, less than (\$100,000)	\$0	\$0
Parks and Soils State Sales Tax Fund(S) (0613 & 0614)	Unknown, less than (\$100,000)	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>Unknown, less than (\$100,000)</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</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 2024</b>	<b>FY 2025</b>	<b>FY 2026</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 \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>
<b>Local Government</b>	<b>Unknown, less than (\$100,000)</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### **Section 136.370 Sales Tax Refund**

Officials from the **Department of Revenue (DOR)** note this provision would allow the Department to issue a refund to a taxpayer if a court of law finds that a Department employee provided incorrect information to the taxpayer. The Department estimates the fiscal impact to be less than \$100,000.

Officials from the **Office of Administration - Budget and Planning (B&P)** note this proposal would allow a taxpayer to receive a refund for sales and use tax paid after an audit under certain circumstances.

A taxpayer may be granted a refund if the Administrative Hearing Commission (AHC) or a court determines that negligence and/or incorrect information provided by an employee of DOR resulted in a business failing to collect and remit the sales tax when it was originally due, and that business was subsequently audited by DOR.

B&P is unable to estimate a potential impact from this provision, therefore, B&P defers to DOR for the administration and fiscal impact resulting from this language.

Officials from the **Missouri Department of Conservation** assume this proposal would have an unknown fiscal impact. The Conservation Sales Tax funds are derived from one-eighth of one percent sales and use tax pursuant to Article IV Section 43 (a) of the Missouri Constitution. The Department defers to the Department of Revenue as it is responsible for tax collection and would be better able to estimate the anticipated fiscal impact that would result from this proposal.

**Oversight** notes that the Conservation Sales Tax funds are derived from one-eighth of one percent sales and use tax of the Missouri Constitution, thus MDC's sales taxes are constitutional mandates. Oversight notes the proposed refund of sales tax revenue could negatively impact the Conservation Sales Tax Funds. Therefore, Oversight will reflect the B&P's and DOR's fiscal impact estimates for MDC's funds.

Officials from the **Department of Natural Resources** assume the proposal will have no fiscal impact on their organization

**Oversight** notes the Park, Soil, and Water Sales Tax funds are derived from the one-tenth of one percent sales and use tax pursuant to Article IV Section 47 (a) thus DNR's sales taxes are constitutional mandates. Oversight notes the proposed refund of sales tax revenue could negatively impact the Park, Soil, and Water Funds. Therefore, Oversight will reflect the B&P's and DOR's fiscal impact estimates for DNR's funds.

**Oversight** assumes section 136.370 allows for a refund to taxpayers if certain negligence or incorrect information has occurred. Oversight will range the fiscal impact of \$0 (no refunds are issued) to an unknown, less than \$100,000 cost to General Revenue Fund, Conservation Commission Fund, Park & Soil Fund, School District Trust Fund and Local Governments based on information provided by the Department of Revenue.

**Oversight** notes this provision is effective August 28, 2023, and taxpayers must file a claim for these refunds by April 15, 2024. Oversight will show the impact of these refunds in FY 2024.

Officials from the **Administrative Hearing Commission** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

<u>FISCAL IMPACT – State Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
<b>GENERAL REVENUE FUND</b>			
<u>Revenue Reduction – §136.370 Sales and Use Tax Refunds</u>	<u>\$0 to (Unknown, less than \$100,000)</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>Unknown, less than (\$100,000)</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b>SCHOOL DISTRICT TRUST FUND</b>			
<u>Revenue Reduction – §136.370 Sales and Use Tax Refunds</u>	<u>\$0 to (Unknown, less than \$100,000)</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON SCHOOL DISTRICT TRUST FUND</b>	<b><u>Unknown, less than (\$100,000)</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<b>PARKS AND SOILS STATE SALES TAX FUNDS</b>			
<u>Revenue Reduction</u> – §136.370 Sales and Use Tax Refunds	\$0 to (Unknown, less than \$100,000)	\$0	\$0
<b>ESTIMATED NET EFFECT ON PARKS AND SOILS STATE SALES TAX FUNDS</b>	<b><u>Unknown, less than (\$100,000)</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b>CONSERVATION COMMISSION FUND</b>			
<u>Revenue Reduction</u> – §136.370 Sales and Use Tax Refunds	\$0 to (Unknown, less than \$100,000)	\$0	\$0
<b>ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND</b>	<b><u>Unknown, less than (\$100,000)</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Revenue Reduction</u> – §136.370 Sales and Use Tax Refunds	\$0 to (Unknown, less than \$100,000)	\$0	\$0
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>Unknown, less than (\$100,000)</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT – Small Business

Small businesses that qualify for a refund would be impacted, as they would gain back the revenues previously used to pay sales and use tax assessments.

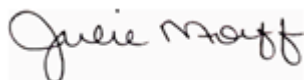
FISCAL DESCRIPTION

This act requires the Director of Revenue to refund sales and use tax assessments paid by a taxpayer when it is determined by the Administrative Hearing Commission or a court of law that the negligence of or incorrect information provided by an employee of the Department of Revenue resulted in the taxpayer failing to collect and remit sales and use tax assessments that were required to be collected for which the Department of Revenue subsequently audited the taxpayer. A taxpayer shall file a claim for refund not later than April 15, 2024.


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

Administrative Hearing Commission  
Office of Administration - Budget and Planning  
Department of Revenue  
Missouri Department of Conservation  
Department of Revenue



Julie Morff  
Director  
February 10, 2023



Ross Strobe  
Assistant Director  
February 10, 2023