

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1466S.01I
 Bill No.: SB 354
 Subject: Taxation and Revenue - Sales and Use; Political Subdivisions; Fire Protection
 Type: Original
 Date: March 27, 2023

Bill Summary: This proposal authorizes certain fire protection districts and ambulance districts to propose a 1.0% sales tax.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
General Revenue *	\$0	\$0 or up to \$595,709	\$0 or up to \$893,563
Total Estimated Net Effect on General Revenue	\$0	\$0 or up to \$595,709	\$0 or up to \$893,563

*This proposal increases the top sales tax rate that can be approved for ambulance districts and fire protection districts (from 0.5% to 1%) – the amount above represents the 1% collection fee if every district that currently collects a sales tax gets voter approval to raise the sales tax rate to the new ceiling (1%)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on FTE	0	0	0

- 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.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Local Government*	\$0	\$0 or Up to \$59,570,890	\$0 or Up to (Unknown)

*This proposal increases the top sales tax rate that can be approved for ambulance districts and fire protection districts (from 0.5% to 1%) - this amount represents the increase in collections (less the 1% collection fee) if every district that currently collects a sales tax gets voter approval to raise the sales tax rate to the new ceiling (1%). The potential for a net negative impact for ambulance districts and/or fire protection districts would only be possible the year after the approval/implementation of the increased sales tax rate.

FISCAL ANALYSIS

ASSUMPTION

Section 321.552 Ambulance and Fire Protection District Sales Tax

Officials from the **Office of Administration - Budget and Planning** defer to the ambulance and fire districts for the fiscal impact. DOR’s retained collection fee will increase TSR because DOR will be able to collect its 1% administration fee for handling the collection of the tax.

Officials from the **Department of Revenue (DOR)** assume this proposal would allow any governing body of an ambulance or fire protection district to impose a sales tax in an amount up to one percent on all retail sales made in such district. Currently the cap is at one-half of one percent. This proposal would not allow the districts in Clay, Greene, Jackson, Jefferson, St. Charles County, and St. Louis City to increase their rates. In order to increase the sales tax the district would be required to hold an election and notify the Department of the increase. The first available election would be April 2024, so the tax would not be collected until October 2024 (FY 2025) and remitted starting November 2024.

Currently the following districts have a sales tax. Using information on the amount of sales tax DOR collects from these districts, DOR calculated how much additional revenue would be raised by the districts if all raised their sales tax to the maximum 1% allowed by this proposal.

Political Subdivision	0.005	0.0025	0.00375	0.0045
NOEL T ADAMS AMBULANCE DISTRICT	\$606,042.36			
BARTON COUNTY AMBULANCE DISTRICT	\$655,065.39			
WARSAW-LINCOLN AMBULANCE DISTRICT	\$930,305.39			
MARIES-OSAGE AMBULANCE DISTRICT	\$208,836.79			
MILLER COUNTY AMBULANCE DISTRICT	\$1,802,401.14			
SAINT JAMES AMBULANCE DISTRICT	\$411,059.60			
IRON COUNTY AMBULANCE DISTRICT	\$861,653.82			
CAM-MO AMBULANCE DISTRICT	\$1,036,918.06			
DADE COUNTY AMBULANCE DISTRICT	\$300,856.68			

SALT RIVER AMBULANCE DISTRICT	\$242,091.45			
OSAGE AMBULANCE DISTRICT	\$445,275.70			
STEELVILLE AMBULANCE DISTRICT	\$256,704.85			
ST FRANCOIS COUNTY AMBULANCE DISTRICT	\$4,941,541.11			
CALLAWAY COUNTY AMBULANCE DISTRICT	\$2,249,091.99			
CEDAR COUNTY AMBULANCE DISTRICT	\$631,689.36			
HERMANN AREA AMBULANCE DISTRICT	\$488,144.21			
AVA AMBULANCE DISTRICT	\$572,603.00			
RANDOLPH COUNTY AMBULANCE DISTRICT	\$1,765,185.14			
WASHINGTON COUNTY AMBULANCE DISTRICT	\$1,032,860.48			
ADAIR COUNTY AMBULANCE DISTRICT			\$1,491,354.79	
LINN COUNTY AMBULANCE DISTRICT	\$713,418.15			
PULASKI COUNTY AMBULANCE DISTRICT	\$2,243,756.99			
WASHINGTON AREA AMBULANCE DISTRICT			\$2,129,345.41	
MERAMEC AMBULANCE DISTRICT	\$1,086,204.72			
MID-MO AMBULANCE DISTRICT	\$2,085,698.91			
STE GENEVIEVE COUNTY AMBULANCE DISTRICT	\$994,056.60			
MARION COUNTY AMBULANCE DISTRICT	\$2,564,835.36			
NEW MADRID COUNTY AMBULANCE DISTRICT	\$1,761,432.71			
ST CLAIR AMBULANCE DISTRICT	\$553,713.86			
MONROE CITY AMBULANCE DISTRICT	\$246,420.24			

OWENSVILLE AREA AMBULANCE DISTRICT	\$519,082.58			
RAY COUNTY AMBULANCE DISTRICT	\$883,486.52			
COLE CAMP AMBULANCE DISTRICT	\$142,632.30			
NEW HAVEN AMBULANCE DISTRICT	\$195,413.63			
CALDWELL COUNTY AMBULANCE DISTRICT	\$325,667.86			
LINCOLN COUNTY AMBULANCE DISTRICT	\$3,475,072.44			
NODAWAY COUNTY AMBULANCE DISTRICT	\$1,431,741.79			
TANEY COUNTY AMBULANCE DISTRICT		\$5,187,338.89		
ANDREW COUNTY AMBULANCE DISTRICT	\$584,406.41			
NORTH CRAWFORD COUNTY AMBULANCE DISTRICT	\$854,727.81			
OREGON COUNTY AMBULANCE DISTRICT	\$505,368.53			
COOPER COUNTY AMBULANCE DISTRICT		\$543,832.36		
OZARK COUNTY AMBULANCE DISTRICT	\$393,514.71			
VAN-FAR AMBULANCE DISTRICT	\$142,427.21			
AUDRAIN AMBULANCE DISTRICT	\$1,176,353.37			
LEWIS COUNTY AMBULANCE DISTRICT	\$377,871.20			
GERALD AREA AMBULANCE DISTRICT	\$232,879.14			
PETTIS COUNTY AMBULANCE DISTRICT	\$3,636,158.17			
CAMERON AMBULANCE DISTRICT	\$791,440.96			
TRI-COUNTY AMBULANCE DISTRICT	\$412,508.27			
SOUTH BARRY COUNTY AMBULANCE DISTRICT	\$1,059,300.69			

CLARK COUNTY AMBULANCE DISTRICT	\$433,921.06			
UNION AMBULANCE DISTRICT	\$1,440,911.12			
REYNOLDS COUNTY AMBULANCE DISTRICT	\$611,920.82			
BARRY LAWRENCE COUNTY AMBULANCE DISTRICT	\$1,225,312.43			
SOUTH HOWELL COUNTY AMBULANCE DISTRICT	\$2,194,031.52			
MADISON COUNTY AMBULANCE DISTRICT	\$627,063.69			
RIPLEY COUNTY AMBULANCE DISTRICT	\$390,678.59			
NORTH SCOTT COUNTY AMBULANCE DISTRICT	\$633,264.77			
SCOTLAND COUNTY AMBULANCE DISTRICT	\$307,138.83			
SOUTH SCOTT COUNTY AMBULANCE DISTRICT	\$195,742.83			
SOUTHERN STONE FIRE PROTECTION DISTRICT	\$2,449,508.28			
ORRICK FIRE PROTECTION DISTRICT	\$51,491.86			
SOUTH METROPOLITAN FIRE PROTECTION DISTRICT	\$1,857,564.62			
SULLIVAN FIRE PROTECTION DISTRICT	\$1,330,093.43			
ST CLAIR FIRE PROTECTION DISTRICT	\$554,479.25			
BOURBON FIRE PROTECTION DISTRICT	\$172,806.64			
UNION FIRE PROTECTION DISTRICT	\$1,433,011.80			
PLEASANT HILL FIRE PROTECTION DISTRICT	\$490,555.55			
LINCOLN COUNTY FIRE PROTECTION DISTRICT 1	\$900,905.69			
	\$66,128,320.43	\$5,731,171.25	\$3,620,700.20	\$0.00

The Department is allowed to retain 1% for collection costs, so this would be an increase to General Revenue of \$893,563 if all the subdivisions raised the tax to the maximum allowed.

	1% Collections	DOR Fee	District Collections
0.0025	\$17,193,513.75	\$171,935.14	\$17,021,578.61
0.00375	\$6,034,500.33	\$60,345.00	\$5,974,155.33
0.0045	\$0.00	\$0.00	\$0.00
0.005	\$66,128,320.43	\$661,283.20	\$65,467,037.23
0.01	\$89,356,334.51	\$893,563.35	\$88,462,771.17

This could impact General Revenue \$0 to \$893,563 starting in FY 2025.

This could impact local political subdivisions \$0 to \$88,462,771 starting in FY 2025.

Oversight will show 8 months collections for FY 2025 since the earliest the increased sales taxes could take effect is October of 2024 and collections lag by a month.

This will not have a fiscal impact on the Department to administer.

Oversight notes Section 321.552.3. denotes “the fire protection district “*shall lower the level of its tax rate by an amount which reduces property tax revenues by an amount equal to fifty percent of the amount of sales tax collected in the preceding year.*” Oversight provides an example of such a reduction on next page:

Oversight shows the reduction of the property tax reduction consequence below:

Up to 1% revenue		Increase by less than 1%	
New Proposal add up to 1%	\$1,000	New Proposal .825%	\$825
Current Collection .5%	(\$500)	Current Collection .5%	\$500
Difference (gain)	<u>\$500</u>	Difference (gain)	<u>\$325</u>
Next year property reduction of the amount that the sales tax were increased (1/2 of \$1000)	<u>(\$500)</u>	Next year property reduction of the amount that the sales tax were increased (1/2 of \$825)	<u>(\$412.50)</u>
Net Gain (revenues) for Locals following year	\$0	Net loss (revenues) for Locals following year	<u>(\$87.50)</u>

Oversight notes that increase in sales tax coupled with decrease of property tax in the next year could potentially negate any gains for the fire districts or, unless the jurisdictions implement the full 1% increase available to them, it could lead to further loss of revenue in proceeding years.

Therefore, **Oversight** will note the 1% collection fee gain in GR and Local Governments due to the gain in first year of the implementation and \$0 (gain of revenues for localities who choose to increase the sales tax up to 1%) to (Unknown) (loss of revenues for localities who choose to increase the sales tax to less than 1%) impact on the fiscal note in future years.

Officials from the **Department of Natural Resources, Missouri Department of Conservation, Missouri Department of Transportation, Office of Administration, and the Office of the Secretary of State** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Officials from the **Jackson County Election Authority, Platte County Election Authority, St Louis City BEC Election Authority, and the St Louis County Election Authority** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Officials from the **Office of Administration** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other counties, ambulance & EMS and fire protection districts were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
GENERAL REVENUE			
<u>Revenue Gain - §321.552 - DOR 1% collection fee</u>	<u>\$0</u>	<u>\$0 or up to \$595,709</u>	<u>\$0 or up to \$893,563</u>
ESTIMATED NET EFFECT TO GENERAL REVENUE FUND	<u>\$0</u>	<u>\$0 or up to \$595,709</u>	<u>\$0 or up to \$893,563</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue Gain & Loss - §321.552 - Sales Tax Disbursement to Fire Protection Districts and/or Ambulance Districts</u>	\$0	<u>\$0 or up to \$59,570,890</u>	<u>\$0 or up to (Unknown)</u>
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	<u>\$0</u>	<u>\$0 or up to \$59,570,890</u>	<u>\$0 or up to (Unknown)</u>

FISCAL IMPACT – Small Business

Small businesses in districts where the tax is increased will be impacted by paying the higher tax.

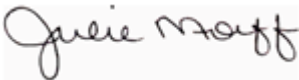
FISCAL DESCRIPTION

Current law authorizes ambulance and fire protection districts in certain counties to propose a sales tax at a rate of up to 0.5%. This act allows such districts to propose a sales tax of up to 1.0%.

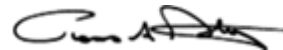
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration
Department of Revenue
Office of Administration
Department of Natural Resources
Missouri Department of Conservation
Missouri Department of Transportation
Office of Administration
Office of the Secretary of State
Jackson County Election Authority
Platte County Election Authority
St Louis City BEC Election Authority
St Louis County Election Authority



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