

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3392S.10P
 Bill No.: Perfected SS#2 for SB 872
 Subject: Taxation and Revenue - Income; Utilities; Taxation and Revenue - Sales and Use
 Type: Original
 Date: March 28, 2024

Bill Summary: This proposal modifies provisions relating to the taxation of utility infrastructure.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue	(\$8,205,810 to \$25,530,845)	Could exceed (\$5,284,300 to \$28,284,347)	Could exceed (\$5,284,300 to \$28,284,347)
Total Estimated Net Effect on General Revenue	(\$8,205,810 to \$25,530,845)	Could exceed (\$5,284,300 to \$28,284,347)	Could exceed (\$5,284,300 to \$28,284,347)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
School District Trust Fund (0688)	(\$1,321,075 to \$7,096,087)	(\$1,761,433 to \$9,461,449)	(\$1,761,433 to \$9,461,449)
Conservation Commission Fund (0609)	(\$165,134 to \$887,011)	(\$220,179 to \$1,182,681)	(\$220,179 to \$1,182,681)
Parks and Soils State Sales Tax Funds (0613 & 0614)	(\$132,107 to \$709,609)	(\$176,143 to \$946,145)	(\$176,143 to \$946,145)
Total Estimated Net Effect on <u>Other</u> State Funds	(\$1,618,316 to \$8,692,707)	(\$2,157,755 to \$11,590,275)	(\$2,157,755 to \$11,590,275)

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
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 2025	FY 2026	FY 2027
Local Government	Could exceed (\$8,349,194 to \$44,847,269)	Could exceed (\$11,132,258 to \$59,796,358)	Could exceed (\$11,132,258 to \$59,796,358)

FISCAL ANALYSIS

ASSUMPTION

Section 67.2677 – Video Service Providers

In response to the similar proposal, SB 947 (2024), officials from **Kansas City** assumed this legislation modifies the definition of video service provider to exclude streaming devices. Limiting the definition might have a negative fiscal impact if the City were allowed to include streaming in with video service.

Oversight assumes this proposal may create a fiscal impact to local political subdivisions that collect the franchise entity fee in Section 67.2689, as that fee utilizes the “video service” definition, which is being amended by this bill. Oversight will reflect a \$0 to potential unknown revenue and potential unknown loss to local political subdivisions.

In response to the similar proposal, SB 947 (2024), officials from the **Department of Commerce and Insurance** assumed 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.

Section 67.5122 - Uniform Small Wireless Facility Deployment Act

In response to a similar proposal, SB 1411 (2024), officials from the **City of Kansas City** assume the proposed legislation will have a negative fiscal impact of an indeterminate amount.

Oversight assumes this proposal removes the expiration date (January 1, 2025) of the act and allows the continuation of §§67.5110 to 67.5121 which is intended to encourage and streamline the deployment of small wireless facilities. Oversight will reflect a potential negative unknown fiscal impact to local political subdivisions for this proposal based on the response from the City of Kansas City.

In response to a similar proposal, SB 1411 (2024), officials from the **Department of Commerce and Insurance, Department of Natural Resources, and the Missouri Department of Transportation** 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.

Section 143.121.3(13) Subtraction for Broadband Grants

Officials from the **Office of Administration - Budget and Planning (B&P)** note this proposal would expand the income tax exemption for federal broadband grants to include state and local grants. This proposal would also begin the income subtraction for all tax years starting with 2022.

B&P notes that SB 25 (2023), which authorized a subtraction for federal grants, became effective August 18, 2023. The estimated impact for SB 25 included the assumption that all grants received during tax year 2023 would be exempted. Therefore, this proposal would only add grants received during 2022 to the exemption.

In the fiscal response for SB 25, B&P included information on federal grants received in Missouri during tax year 2022.

Table 1: Estimated Taxable Grants

Tax Year	Federal Grants
2019	\$22,716,387
2020	\$121,174,813
2021	\$30,805,895
2022	\$86,151,208
2023	\$356,005,895

In addition, based on historic award data, B&P estimated that approximately 28.9% of awards go to corporations and 71.1% go to pass-through entities.

Table 2: Estimated Taxable Grants by Entity Type

Tax Year	Corporate Awards	Pass-Through Awards
2019	\$6,560,151	\$16,156,236
2020	\$34,993,464	\$86,181,350
2021	\$8,896,279	\$21,909,616
2022	\$24,879,173	\$61,272,035
2023	\$102,809,148	\$253,196,747

B&P notes that subtractions do not reduce revenues on a dollar-for-dollar basis, but rather in proportion to the top tax rate applied. For tax year 2022, the corporate tax rate was 4.0% and the pass-through business tax rate was 5.3%.

B&P notes that this proposal would not become effective until August 28, 2024 (i.e., FY25). B&P assumes that impacted businesses would have to amend their tax year 2022 tax returns to subtract any eligible broadband grant income. For the purpose of this fiscal note, B&P will assume that all eligible companies amend their tax year 2022 returns during FY25.

Based on the above information, B&P estimates that this proposal could reduce TSR and GR by **\$4,242,585** [(\$24,879,173 corporate grants x 4.0%) + (\$61,272,035 pass-through grants x 5.3%)] in FY25.

This proposal would also expand the subtraction to include any state and local grants. B&P is unaware of any state or local only grants that have been awarded since FY20 that are not simply passing on federal grant money. Therefore, this expansion could reduce TSR and GR by an unknown amount beginning in FY25.

Officials from the **Department of Revenue (DOR)** note in 2023, the General Assembly adopted SB 25, that allowed a subtraction from federal adjusted gross income of 100% of the amount of money received from a federal grant expanding broadband across the state. That proposal was effective August 28, 2023, and the fiscal note assumed that all grant money awarded in 2023 was allowed the subtraction. The first change in this proposal is to allow the subtraction to be retroactive to January 1, 2022.

This proposal would become effective on August 28, 2023, but makes this tax subtraction retroactively applicable to tax years beginning on or after January 1, 2022. This fiscal note will show the impact for tax year 2022 grants. DOR assume that the companies will all amend their returns beginning August 28, 2024, the effective date of this proposal, therefore, the fiscal impact will all occur in FY 2025.

In 2022, DOR notes that the corporate tax rate was 4% while the rate for the pass-through entities was 5.3%. In the fiscal note for SB 25, DOR provided the following information on the number of grants distributed in Missouri.

Table 1: Estimated Taxable Grants

Tax Year	Federal Grants
2019	\$22,716,387
2020	\$121,174,813
2021	\$30,805,895
2022	\$86,151,208
2023	\$356,005,895

DOR also noted that based on research of award amounts, 28.9% of the grant awards go to corporations and 71.1% go to the pass-through entities. DOR assumed the distribution of the grants per entity type.

Table 2: Estimated Taxable Grants by Entity Type

Tax Year	Corporate Awards	Pass-Through Awards
2019	\$6,560,151	\$16,156,236
2020	\$34,993,464	\$86,181,350
2021	\$8,896,279	\$21,909,616
2022	\$24,879,173	\$61,272,035
2023	\$102,809,148	\$253,196,747

Therefore, when these organizations file their amended return in FY 2025, it will result in an additional loss to the state of **\$4,242,585** [(\$24,879,173 corporate grants x 4.0%) + (\$61,272,035 pass-through grants x 5.3%)].

Additionally, this proposal expands the subtraction to state and local grants as well. DOR is unaware of any broadband grants that are distributed by the state or local governments. The only grants DOR knows of are distributed by the state on behalf of the federal government. DOR notes that should the state or a local political subdivision be handing out any grants for broadband purposes, those grants would be allowed the subtraction and the cost of this fiscal note will be higher than estimated.

This will require DOR to update the department's instructions for the MO-1040 and the MO-A forms and this is estimated to cost \$8,923.

Oversight assumes the Department of Revenue is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the administrative costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

Oversight notes officials from B&P and DOR both assume the proposal will have a direct fiscal impact on state revenues. Oversight does not have any information to the contrary. Therefore, Oversight will reflect DOR's and B&P's estimated impact in the fiscal note for FY 2025.

Oversight notes this proposal expands the subtraction to grants distributed by state and local governments. DOR and B&P both note the only grants currently distributed are distributed by the federal government. Should a local or state grant be distributed and a subsequent subtraction issued in the future, there would be a negative impact on general revenue. Oversight is unable to quantify future local grant disbursements. Therefore, Oversight will show a potential unknown negative fiscal impact beginning in FY 2026.

Section 144.058 – Electricity Production Equipment Sales Tax Exemption

Officials from the **Office of Administration - Budget and Planning (B&P)** note this proposal exempts from state sales and use tax various inputs to the utilities industry beginning August 28, 2024. These exemptions include the utilities, chemicals, machinery, equipment, supplies, parts and materials used by that industry. B&P notes that this proposal would also exempt such products from local sales taxes.

B&P assumes that the broad terms “parts and materials” exempt most inputs to production for the utilities.

Lower Estimated Impact

DOR reports taxable sales in 2022 from various electrical utility related industries as shown below. Based on the taxable sales / use data below, B&P estimates that this provision could reduce taxable sales by \$176,143,328 annually.

Method 1 - Lower Bound Estimates

Tax Type	NAICS	Description	CY 2022	Percent
Use	221111	Hydroelectric Power Generation	\$80,693,907	100%
Use	221112	Fossil Fuel Electric Power Generation	\$0	100%
Use	221113	Nuclear Electric Power Generation	\$0	100%
Use	221114	Solar Electric Power Generation	\$0	100%
Use	221115	Wind Electric Power Generation	\$0	100%
Use	221116	Geothermal Electric Power Generation	\$0	100%
Use	221117	Biomass Electric Power Generation	\$0	100%
Use	221118	Other Electric Power Generation	\$0	100%
Use	221121	Electric Bulk Power Transmission and Control	\$22,903,661	100%
Use	221122	Electric Power Distribution	\$47,214,765	100%
Sales	332216	Saw Blade and Hand-tool Manufacturing	\$0	10%
Sales	333318	Other Commercial and Service Industry Machinery Manufacturing	\$0	60%
Sales	333992	Welding and Soldering Equipment Manufacturing	\$59,096	60%
Sales	335311	Power, Distribution, and Specialty Transformer Manufacturing	\$16,252,299	100%
Sales	335313	Switchgear and Switchboard Apparatus Manufacturing	\$0	100%
Sales	335314	Relay And Industrial Control Manufacturing	\$85,592	100%
Sales	335931	Current-Carrying Wiring Device Manufacturing	\$1,947,606	100%

Sales	335932	Noncurrent-Carrying Wiring Device Manufacturing	\$0	100%
Sales	335991	Carbon And Graphite Product Manufacturing	\$0	100%
Sales	335999	All Other Miscellaneous Electrical Equipment and Component Manufacturing	\$6,986,402	15%
Total Exempt Sales			\$176,143,328	

Based on this information, B&P estimates that this proposal could reduce TSR by \$7,442,055 (\$176,143,328 x 4.225%) and GR by \$5,284,300 (\$176,143,328 x 3.0%) annually. Using the location* weighted average local sales tax rate of 6.32% for 2023, B&P further estimates that this provision could reduce local sales tax collections by \$ \$11,132,258 annually.

*In an effort to more accurately reflect the estimated local impact, B&P and DOR have moved from a population weighted average local sales tax rate to a location weighted average local sales tax rate. This change was made to reflect where sales actually occur, rather than exclusively where people live.

B&P notes, however, that this method of estimation likely does not capture all the taxable sales that would become exempt under this proposal, and that this impact reflects the bottom of the range for the decrease in revenue.

Higher Estimated Impact

In order to determine an upper-bound estimate for the reduction to state revenues, B&P utilized the US BEA Input-Output Use Tables¹. According to the Input-Output Use Tables, inputs from commodities that might qualify under these exemptions are roughly 21.4% of the total output of the “utilities” industry. In addition, DOR reports that taxable sales of electric related utilities in 2022 were about \$4,423,581,612. This suggests that this proposal might exempt \$946,144,910 in taxable sales from taxation.

¹ http://www.bea.gov/industry/io_annual.htm

Method 2 - Upper Bound Estimate

NAICS	Description	CY 2022
221111	Hydroelectric Power Generation	\$2,166,432,647
221112	Fossil Fuel Electric Power Generation	\$46,324,776
221113	Nuclear Electric Power Generation	\$0
221114	Solar Electric Power Generation	\$0
221115	Wind Electric Power Generation	\$0
221116	Geothermal Electric Power Generation	\$0
221117	Biomass Electric Power Generation	\$0
221118	Other Electric Power Generation	\$0
221121	Electric Bulk Power Transmission and Control	\$34,077,659
221122	Electric Power Distribution	\$2,176,746,529
Total Sales		\$4,423,581,612
BEA Input/Output Adjustment		21.4%
Total Exempt Sales		\$946,144,910

B&P estimates that this could reduce TSR by \$39,974,622 ($\$946,144,910 \times 4.225\%$) and GR by \$28,384,347 ($\$946,144,910 \times 3.0\%$) annually. Using the location* weighted average local sales tax rate of 6.32% for 2023, B&P further estimates that this provision could reduce local sales tax collections by \$59,796,358 annually.

*In an effort to more accurately reflect the estimated local impact, B&P and DOR have moved from a population weighted average local sales tax rate to a location weighted average local sales tax rate. This change was made to reflect where sales actually occur, rather than exclusively where people live.

B&P notes, however, that this method may overestimate the true reduction to state revenues by including items that would not become tax exempt under this proposal.

Summary

Therefore, using both the taxable sales reports provided by DOR and the US BEA Input-Output Use Tables, B&P estimates that this proposal could reduce TSR by \$7,442,055 to \$39,974,622 annually and GR by \$5,284,300 to \$28,384,347 once fully implemented in FY26. This proposal could also reduce local sales tax collections by \$11,132,258 to \$59,796,358 annually.

Table 3: Estimated Impacts by Fund

State Funds	FY 2025		FY 2026+	
	Low	High	Low	High
GR	(\$3,963,225)	(\$21,288,260)	(\$5,284,300)	(\$28,384,347)
Education	(\$1,321,075)	(\$7,096,087)	(\$1,761,433)	(\$9,461,449)
Conservation	(\$165,134)	(\$887,011)	(\$220,179)	(\$1,182,681)
DNR	(\$132,107)	(\$709,609)	(\$176,143)	(\$946,145)
TSR Impact	(\$5,581,541)	(\$29,980,967)	(\$7,442,055)	(\$39,974,622)
Local Funds				
Local Sales				
Tax	(\$8,349,194)	(\$44,847,269)	(\$11,132,258)	(\$59,796,358)

Officials from the **Department of Revenue (DOR)** note this proposal creates an exemption for electrical energy and gas, water, coal, and energy sources, chemicals, machinery, equipment, parts and materials used and consumed in the generation, transmission, distribution, sale, or furnishing of electricity for light, heat, or power to customers. It assumes that “parts and materials” would exempt most of the inputs to production of the utilities. This exemption is from both the state and local sales and use taxes.

The Current Sales and Use tax rate is 4.225%

General Revenue is 3%

School District Trust Fund is 1%

Conservation Commission Fund is .125%

Parks, Soil & Water Funds .1%

For fiscal note purposes, the Department is using a weighted local tax rate of 6.32% to calculate the average local sales tax loss. In an effort to more accurately reflect the estimated local impact, B&P and DOR have moved from a population weighted average local sales tax rate to a location weighted average local sales tax rate. This change was made to reflect where sales actually occur, rather than exclusively where people live.

This proposal would become effective on August 28, 2024. It should be noted that sales tax is remitted one month behind collections and therefore, this will have an impact of 9 months in the first year (FY 2025).

Using information from the DOR’s taxable sales and use tax database the following amount of sales and use tax was collected in CY 2022 (the most recent complete year of data).

Method 1 - Lower Bound Estimates

Tax Type	NAICS	Description	CY 2022	Percent
Use	221111	Hydroelectric Power Generation	\$80,693,907	100%
Use	221112	Fossil Fuel Electric Power Generation	\$0	100%
Use	221113	Nuclear Electric Power Generation	\$0	100%
Use	221114	Solar Electric Power Generation	\$0	100%
Use	221115	Wind Electric Power Generation	\$0	100%
Use	221116	Geothermal Electric Power Generation	\$0	100%
Use	221117	Biomass Electric Power Generation	\$0	100%
Use	221118	Other Electric Power Generation	\$0	100%
Use	221121	Electric Bulk Power Transmission and Control	\$22,903,661	100%
Use	221122	Electric Power Distribution	\$47,214,765	100%
Sales	332216	Saw Blade and Hand-tool Manufacturing	\$0	10%
Sales	333318	Other Commercial and Service Industry Machinery Manufacturing	\$0	60%
Sales	333992	Welding and Soldering Equipment Manufacturing	\$59,096	60%
Sales	335311	Power, Distribution, and Specialty Transformer Manufacturing	\$16,252,299	100%
Sales	335313	Switchgear and Switchboard Apparatus Manufacturing	\$0	100%
Sales	335314	Relay and Industrial Control Manufacturing	\$85,592	100%
Sales	335931	Current-Carrying Wiring Device Manufacturing	\$1,947,606	100%
Sales	335932	Noncurrent-Carrying Wiring Device Manufacturing	\$0	100%
Sales	335991	Carbon And Graphite Product Manufacturing	\$0	100%
Sales	335999	All Other Miscellaneous Electrical Equipment and Component Manufacturing	\$6,986,402	15%
Total Exempt Sales			\$176,143,328	

This would result in a loss to total state revenue of \$7,442,056. The Department notes that this method of estimation may not capture all the taxable sales that could become exempt under this proposal. DOR notes this may be the lower range of projected loss.

In order to calculate an upper range, the Department utilized the US BEA Input-Output Use Tables. According to the Input-Output Use Tables, inputs from commodities that might qualify under these exemptions are roughly 25.0% of the total output of the “utilities” industry. The

Department’s report indicates that taxable sales of electric related utilities in 2022 were about \$4,423,581,612. This suggests that this proposal might exempt \$946,144,910 in taxable sales from taxation.

Method 2 - Upper Bound Estimate

NAICS	Description	CY 2022
221111	Hydroelectric Power Generation	\$2,166,432,647
221112	Fossil Fuel Electric Power Generation	\$46,324,776
221113	Nuclear Electric Power Generation	\$0
221114	Solar Electric Power Generation	\$0
221115	Wind Electric Power Generation	\$0
221116	Geothermal Electric Power Generation	\$0
221117	Biomass Electric Power Generation	\$0
221118	Other Electric Power Generation	\$0
221121	Electric Bulk Power Transmission and Control	\$34,077,659
221122	Electric Power Distribution	\$2,176,746,529
Total Sales		\$4,423,581,612
BEA Input/Output Adjustment		21.4%
Total Exempt Sales		\$946,144,910

Using this method, it could reduce total state revenue by \$39,974,592 ($\$946,144,190 \times 4.225\%$). The Department notes this method could be overestimating the impact. Therefore, DOR will show the impact as a range between the estimates.

Table 3: State Impacts by Fund

Fund	FY 2025		FY 2026+	
	Low	High	Low	High
GR	(\$3,963,225)	(\$21,288,260)	(\$5,284,300)	(\$28,384,347)
Education	(\$1,321,075)	(\$7,096,087)	(\$1,761,433)	(\$9,461,449)
Conservation	(\$165,134)	(\$887,011)	(\$220,179)	(\$1,182,681)
DNR	(\$132,107)	(\$709,609)	(\$176,143)	(\$946,145)
TSR Impact	(\$5,581,541)	(\$29,980,967)	(\$7,442,055)	(\$39,974,622)
Locals	(\$8,349,194)	(\$44,847,269)	(\$11,132,258)	(\$59,796,358)

This proposal will require updates to the department’s website and computer system. These changes are estimated at \$8,923.

Oversight assumes the Department of Revenue is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

Oversight notes the effective sales tax rate for local political subdivision is estimated at 4.3% based on the Taxable Sales for the Entire State for FY 2022 (\$97,642,125,269) and the Sales Tax Distribution to local political subdivisions for FY 2022 (\$4,226,659,429). Using a sales tax rate of 4.3% and the taxable sales provided by DOR and B&P, Oversight estimates a loss of revenue for local political subdivisions as noted below:

Fund	FY 2025 (9 Months)		FY 2026+	
	Low	High	Low	High
Locals	(\$2,890,689)	(\$30,513,173)	(\$7,574,163)	(\$40,684,231)

For the purpose of this fiscal note, **Oversight** will show a loss in revenue based on the weighted sales tax rate provided by B&P. If the weighted local sales tax rate provided by B&P is inaccurate, this would change the impact presented in this fiscal note.

Officials from the **Department of Natural Resources** defer to the **Department of Revenue** for the potential fiscal impact of this proposal.

Responses regarding the proposed legislation as a whole

Officials from the **St. Louis County Police Dept, County Employees Retirement Fund (CERF), Kansas City Public School Retirement System, Department of Commerce and Insurance, Missouri House, Missouri Department of Transportation, Callaway County SB**

40 Board, and the **Public Education Employees' Retirement System (PSRS/PEERS)** 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 **Branson Police Department** assume this proposal has the potential to reduce tax revenues for first responder agencies.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other cities and counties 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 2025 (10 Mo.)	FY 2026	FY 2027
GENERAL REVENUE			
<u>Revenue Reduction</u> - §143.121 - Broadband Grant Subtraction	(\$4,242,585)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Revenue Reduction</u> - §144.058 - Sales/Use Tax exemption for production of electricity	<u>(\$3,963,225 to \$21,288,260)</u>	<u>(\$5,284,300 to \$28,284,347)</u>	<u>(\$5,284,300 to \$28,284,347)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$8,205,810 to \$25,530,845)</u>	<u>Could exceed (\$5,284,300 to \$28,284,347)</u>	<u>Could exceed (\$5,284,300 to \$28,284,347)</u>
SCHOOL DISTRICT TRUST FUND (0688)			
<u>Revenue Reduction</u> - §144.058 - Sales/Use Tax exemption for production of electricity	(\$1,321,075 to <u>\$7,096,087)</u>	(\$1,761,433 to <u>\$9,461,449)</u>	(\$1,761,433 to <u>\$9,461,449)</u>
ESTIMATED NET EFFECT ON SCHOOL DISTRICT TRUST FUND	<u>(\$1,321,075 to \$7,096,087)</u>	<u>(\$1,761,433 to \$9,461,449)</u>	<u>(\$1,761,433 to \$9,461,449)</u>

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
CONSERVATION COMMISSION FUND (0609)			
<u>Revenue Reduction</u> - §144.058 - Sales/Use Tax exemption for production of electricity	(\$165,134 to \$887,011)	(\$220,179 to \$1,182,681)	(\$220,179 to \$1,182,681)
ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND	(\$165,134 to \$887,011)	(\$220,179 to \$1,182,681)	(\$220,179 to \$1,182,681)
PARKS AND SOILS STATE SALES TAX FUNDS (0613 & 0614)			
<u>Revenue Reduction</u> - §144.058 - Sales/Use Tax exemption for production of electricity	(\$132,107 to \$709,609)	(\$176,143 to \$946,145)	(\$176,143 to \$946,145)
ESTIMATED NET EFFECT ON PARKS AND SOILS STATE SALES TAX FUNDS	(\$132,107 to \$709,609)	(\$176,143 to \$946,145)	(\$176,143 to \$946,145)

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue/Loss</u> - §67.2677 - potential Video Service Provider Fees change from definition change to “video service”	\$0 or (Unknown) to Unknown	\$0 or (Unknown) to Unknown	\$0 or (Unknown) to Unknown
<u>Cost</u> – §67.5122 - extends sunset date on small wireless facilities	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
<u>Revenue Reduction - §144.058 - Sales/Use Tax exemption for production of electricity</u>	<u>(\$8,349,194 to \$44,847,269)</u>	<u>(\$11,132,258 to \$59,796,358)</u>	<u>(\$11,132,258 to \$59,796,358)</u>
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	<u>Could exceed (\$8,349,194 to \$44,847,269)</u>	<u>Could exceed (\$11,132,258 to \$59,796,358)</u>	<u>Could exceed (\$11,132,258 to \$59,796,358)</u>

FISCAL IMPACT – Small Business

Certain utility companies could be impacted by this proposal.

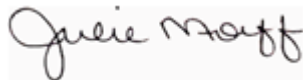
FISCAL DESCRIPTION

This act modifies provisions relating to the taxation of utility infrastructure.

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

Department of Revenue
 Office of Administration - Budget and Planning
 Department of Natural Resources
 Department of Commerce and Insurance
 Missouri House, Missouri Department of Transportation
 St. Louis County Police Dept
 County Employees Retirement Fund (CERF)
 Kansas City Public School Retirement System
 Callaway County SB 40 Board
 Public Education Employees' Retirement System (PSRS/PEERS)



Julie Morff
 Director
 March 28, 2024



Ross Strobe
 Assistant Director
 March 28, 2024