

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4133S.01I
 Bill No.: SB 1233
 Subject: Taxation and Revenue - Sales and Use; Department of Revenue
 Type: Original
 Date: January 5, 2024

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue	Unknown, less than (\$100,000)	\$0	\$0
Total Estimated Net Effect on General Revenue	Unknown, less than (\$100,000)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
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
Total Estimated Net Effect on <u>Other</u> State Funds	Unknown, less than (\$100,000)	\$0	\$0

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	Unknown, less than (\$100,000)	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 136.370 Sales Tax Refund

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

Officials from the **Missouri Department of Conservation** assume 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.

Officials from the **Department of Revenue (DOR)** assume 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 - 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.

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, 2024, and taxpayers must file a claim for these refunds by April 15, 2025. Oversight will show the impact of these refunds only in FY 2025.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
GENERAL REVENUE FUND			
<u>Revenue Reduction - §136.370 - Sales and Use Tax Refunds</u>	Less than <u>(\$100,000)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	Less than <u>(\$100,000)</u>	<u>\$0</u>	<u>\$0</u>
SCHOOL DISTRICT TRUST FUND			
<u>Revenue Reduction - §136.370 - Sales and Use Tax Refunds</u>	Less than <u>(\$100,000)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON SCHOOL DISTRICT TRUST FUND	Less than <u>(\$100,000)</u>	<u>\$0</u>	<u>\$0</u>
PARKS AND SOILS STATE SALES TAX FUNDS			
<u>Revenue Reduction - §136.370 - Sales and Use Tax Refunds</u>	Less than <u>(\$100,000)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON PARKS AND SOILS STATE SALES TAX FUNDS	Less than <u>(\$100,000)</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
CONSERVATION COMMISSION FUND			
<u>Revenue Reduction</u> - §136.370 - Sales and Use Tax Refunds	Less than <u>(\$100,000)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND	Less than <u>(\$100,000)</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue Reduction</u> - §136.370 - Sales and Use Tax Refunds	Less than <u>(\$100,000)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	Less than <u>(\$100,000)</u>	<u>\$0</u>	<u>\$0</u>

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, 2025.

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

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SOURCES OF INFORMATION

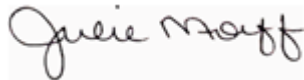
Office of Administration - Administrative Hearing Commission

Department of Natural Resources

Missouri Department of Conservation

Department of Revenue

Office of Administration - Budget and Planning



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January 5, 2024



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January 5, 2024