

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0640S.01I
Bill No.: SB 382
Subject: Taxation and Revenue - Sales and Use; Political Subdivisions; Ambulances and Ambulance Districts; Fire Protection
Type: Original
Date: February 23, 2025

Bill Summary: This proposal modifies provisions relating to local use taxes.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
Total Estimated Net Effect on General Revenue	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

*This proposal allows any district that has a sales tax for emergency service to also adopt a use tax. The positive unknown amount above represents the potential 1% collection fee if a county gets voter approval to adopt the local use tax. Oversight assumes the fiscal impact will *not* reach the \$250,000 threshold.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
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 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
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 2026	FY 2027	FY 2028
Local Government	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

FISCAL ANALYSIS

ASSUMPTION

Section 144.757- Local Use Taxes

Officials from the **Office of Administration - Budget and Planning (B&P)** note the bill defines the terms “county or municipality” to include the governing body of any taxing jurisdiction authorized to impose a sales tax for emergency services. This proposal:

- Has no direct impact on B&P.
- Has no direct impact on general or total state revenues.
- Will not impact the calculation pursuant to Art. X, Sec. 18(e).

Officials from the **Department of Revenue (DOR)** note currently, in statute, cities, counties and several other designated districts are allowed to collect a sale or use tax if adopted by their voters. This proposal intends to allow any jurisdiction authorized to collect a sales tax for emergency service districts to also put before the voters the question of whether to collect a use tax for those districts.

DOR records note there are only 8 emergency districts in the state allowed to collect sales tax currently. However, DOR’s interpretation of “emergency services” districts includes ambulance districts (69 districts), fire protection districts (21 districts), and hospital districts (1 district).

It is unclear how many of these districts would want to collect a use tax and to get their citizens to support a use tax. Should any of these districts succeed in adopting a use tax then DOR will collect that money in its normal course of business. It should be noted that DOR is allowed to retain 1% of all sales or use tax money remitted to reimburse the department’s collection costs.

This proposal could result in an unknown revenue to districts that adopt the use tax and therefore, DOR would also benefit by an unknown amount.

Officials from the **City of Kansas City** assume the proposal will have no fiscal impact on their organization.

Oversight will show the potential fiscal impact to locals as \$0 (not approved by voters) to an unknown positive impact (local use tax approved by voters).

Oversight notes if a county approves the proposed use tax, DOR is allowed to retain 1% of collections which is deposited into general revenue. Oversight will show the potential fiscal impact to general revenue as \$0 (not approved by voters) to an unknown positive impact (local use tax approved by voters).

Oversight only reflects the responses received from state agencies and political subdivisions; however, other local political subdivisions 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 2026 (10 Mo.)	FY 2027	FY 2028
GENERAL REVENUE			
Potential Revenue Gain - §144.757 to §144.761 - DOR 1% Collection Fee	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
LOCAL POLITICAL SUBDIVISIONS			
Potential Revenue Gain - §144.757 to §144.761 - Local Use Tax	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>

FISCAL IMPACT – Small Business

Small businesses in a taxing jurisdiction that adopts the local use tax will be impacted. (Pending voter approval).

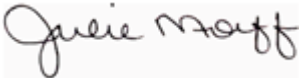
FISCAL DESCRIPTION

Current law authorizes counties and municipalities to impose a local use tax if a local sales tax is imposed. This act provides that the term "county or municipality" shall include any taxing jurisdiction with the ability to impose a sales tax for emergency services.

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 - Budget and Planning
Department of Revenue
City of Kansas City

A handwritten signature in black ink that reads "Julie Morff". The signature is written in a cursive style with a large initial "J" and "M".

Julie Morff
Director
February 23, 2025

A handwritten signature in black ink that reads "Jessica Harris". The signature is written in a cursive style with a large initial "J" and "H".

Jessica Harris
Assistant Director
February 23, 2025