

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0803S.10T  
Bill No.: Truly Agreed To and Finally Passed SS No. 2 for SB 145  
Subject: Cities, Towns, and Villages; Taxation and Revenue - General  
Type: Original  
Date: May 30, 2025

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Bill Summary: This proposal modifies provisions relating to the taxation of certain businesses.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</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 2026</b>	<b>FY 2027</b>	<b>FY 2028</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 2026</b>	<b>FY 2027</b>	<b>FY 2028</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 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Local Government</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

#### **Sections 71.610 & 92.045 - Local Business Licenses**

Officials from the **Department of Revenue** assume these sections would no longer allow certain cities to regulate or tax a small business owned by a person under the age of 18. These sections do not pertain to DOR and therefore have no impact on DOR. This could be a loss to the cities impacted.

Officials from the **Office of Administration - Budget and Planning (B&P)** 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.

In response to a previous version, officials from the **City of O'Fallon** assume this would decrease revenue of more than \$100,000 per year for the City of O'Fallon.

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

**Oversight** notes this proposal states that no city shall require a business license for any enterprise owned by a person aged 18 years or younger.

**Oversight** notes [local business license fees](#) vary from \$25-\$200 depending upon the location throughout the state. Oversight is unable to determine the number of qualifying businesses, therefore, Oversight will show an unknown negative fiscal impact to local political subdivisions.

**Oversight** assumes Section 92.045 may prohibit Charter cities from levying certain taxes on qualifying businesses. Oversight is unable to determine which taxes, if any, would be prohibited. Therefore, Oversight will show an unknown loss of tax revenue to charter cities.

**Oversight** received a limited number of responses from local political subdivisions related to the fiscal impact of this proposal. Oversight has presented this fiscal note on the best current information available. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Revenue Reduction</u> - §71.610 - Removal of local business license requirement for qualifying businesses	(Unknown)	(Unknown)	(Unknown)
<u>Revenue Reduction</u> - §92.045 – Charter cities – Prohibition of certain taxes for qualifying businesses	(Unknown)	(Unknown)	(Unknown)
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

FISCAL IMPACT – Small Business

Certain small businesses owned by a person aged eighteen years or younger could be impacted by this proposal.

FISCAL DESCRIPTION

Current law authorizes cities to impose a business license tax upon businesses. This act provides that no city shall require a business license for any enterprise owned by a person aged 18 years or younger.

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 - Budget and Planning

Department of Revenue

City of O'Fallon

City of Kansas City



Julie Morff

Director

May 30, 2025



Jessica Harris

Assistant Director

May 30, 2025