

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4351S.01I  
 Bill No.: SB 1239  
 Subject: Taxation and Revenue - Sales and Use  
 Type: Original  
 Date: February 10, 2026

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Bill Summary: This proposal authorizes a sales tax exemption for food.

**FISCAL SUMMARY**

**ESTIMATED NET EFFECT ON GENERAL REVENUE FUND**

FUND AFFECTED	FY 2027	FY 2028	FY 2029	Fully Implemented (FY 2031)
General Revenue*	(\$694,545) or (\$5,959,407)	(\$2,251,334) or (\$7,945,918)	(\$3,840,512) or (\$7,945,918)	(\$7,945,918)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$694,545) or (\$5,959,407)</b>	<b>(\$2,251,334) or (\$7,945,918)</b>	<b>(\$3,840,512) or (\$7,945,918)</b>	<b>(\$7,945,918)</b>

\*Oversight notes the above potential loss of revenue represents the potential forgone 1% collection fee on local sales taxes, assuming a phased reduction of sales tax over a period of years (beginning January 1, 2027) *or* the proposed full sales tax exemption occurs immediately (beginning August 28, 2026).

\*\*Oversight notes the fiscal impact for FY2027 is lesser because FY2027 is a partial year (9 months).

**ESTIMATED NET EFFECT ON OTHER STATE FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029	Fully Implemented (FY 2031)
School District Trust Fund(1688)	(\$142,530,795)*	(\$190,041,060)	(\$190,041,060)	(\$190,041,060)
Conservation Commission Fund (1609)	(\$17,816,349)*	(\$23,755,133)	(\$23,755,133)	(\$23,755,133)
Parks and Soils State Sales Tax Funds (1613 & 1614)	(\$14,253,080)*	(\$19,004,106)	(\$19,004,106)	(\$19,004,106)
<b>Total Estimated Net Effect on <u>Other State Funds</u></b>	<b>(\$174,600,224)*</b>	<b>(\$232,800,299)</b>	<b>(\$232,800,299)</b>	<b>(\$232,800,299)</b>

\*Oversight notes the fiscal impact for FY2027 is lesser because FY2027 is a partial year (9 months).

Numbers within parentheses: () indicate costs or losses.

**ESTIMATED NET EFFECT ON FEDERAL FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029	Fully Implemented (FY 2031)
<b>Total Estimated Net Effect on <u>All Federal Funds</u></b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)**

FUND AFFECTED	FY 2027	FY 2028	FY 2029	Fully Implemented (FY 2031)
<b>Total Estimated Net Effect on FTE</b>	<b>0</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.

**ESTIMATED NET EFFECT ON LOCAL FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029	Fully Implemented (FY 2031)
<b>Local Government*</b>	<b>(\$70,023,823) or (\$630,214,392)</b>	<b>(\$238,080,993) or (\$840,285,857)</b>	<b>(\$406,138,165) or (\$840,285,857)</b>	<b>(\$840,285,857)</b>

\*Oversight notes the above potential loss of revenue represents the loss of local sales tax revenue, assuming a phased reduction of sales tax over a period of years (beginning January 1, 2027) *or* the proposed full sales tax exemption occurs immediately (beginning August 28, 2026). Oversight notes the fiscal impact for FY2027 is lesser because FY2027 is a partial year (9 months).

**FISCAL ANALYSIS**

**ASSUMPTION**

**§144.014 - Sales Tax on Food**

Officials from the **Department of Revenue (DOR)** note the following:

*State Tax*

In Section 144.020 items that are sold are subject to state and local sales and use tax. The state sales tax is 4.225%. That sales tax is broken down as:

General Revenue	3%
School District	1%
Conservation Commission	.125
Parks, Soil & Water Funds	.1%

In 1997, Section 144.014 was adopted and it exempted the collection of the 3% general revenue portion of the state sales tax on food products identified by the SNAP program, while leaving the remaining 1.225% state sales tax in place. Additionally, food items not identified under the SNAP program (like food in restaurants) retained the 4.225% general state sales tax rate.

Section 144.014.1(1) of this proposal would exempt SNAP identified food from the remaining 1.225% state sales tax rate starting August 28, 2026. This proposal leaves the 4.225% rate on foods not identified under the SNAP program.

The Department notes that in FY 2025, food reported \$19,004,106,006 in taxable sales. Therefore, the School District Trust Fund received \$190,041,060, the Conservation Commission Fund received \$23,755,133 and the Park, Soil & Water Funds received \$19,004,106 in state sales tax.

It should be noted that sales tax is distributed one month behind the collection. Therefore, DOR will show the loss of 9 months in the first fiscal year (FY 2027). Therefore, the elimination of the state sales tax on food effective August 28, 2026 (FY 2027) would result in the following loss.

State Fund	FY 2027	FY 2028	FY 2029+
Education	(\$142,530,795)	(\$190,041,060)	(\$190,041,060)
Conservation	(\$17,816,349)	(\$23,755,133)	(\$23,755,133)
DNR	(\$14,253,080)	(\$19,004,106)	(\$19,004,106)
<b>Total State Loss</b>	<b>(\$175,600,224)</b>	<b>(\$232,800,299)</b>	<b>(\$232,800,299)</b>

*Local Tax- Bill as Written*

Based on the language of this proposal, the local sales tax would also stop on August 28, 2026, when the state sales tax stops. This would result in a loss of revenue to the political subdivisions.

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. For fiscal note purposes, the local sales tax rate will be 4.7%.

The Department notes the estimated local sales tax collected by type of district.

Local Food Sales Tax Collections, FY25

District	Sales Tax
City	\$432,654,227
City - TIF	\$10,641,000
County	\$318,344,302
CID	\$26,580,965
TDD	\$19,037,216
Ambulance	\$16,524,201
Fire Protection	\$7,177,614
Emergency Services	\$4,585,615
Other Districts	\$4,677,691

The expected revenue loss to local political subdivision funds from stopping the sales tax on August 28, 2026, is estimated at:

Local Loss as of 8/28/2026

Local Funds	FY 2027	FY 2028+
City	(\$324,490,671)	(\$432,654,227)
City - TIF	(\$7,980,750)	(\$10,641,000)
County	(\$238,758,227)	(\$318,344,302)
CID	(\$19,935,724)	(\$26,580,965)
TDD	(\$14,277,912)	(\$19,037,216)
Ambulance	(\$12,393,151)	(\$16,524,201)
Fire	(\$5,383,210)	(\$7,177,614)
Emergency	(\$3,439,211)	(\$4,585,615)
Other	(\$3,508,268)	(\$4,677,691)
Total Local Loss	(\$630,167,123)	(\$840,222,831)

The Department is allowed to retain a 1% collection fee off some of the local sales and use tax the department collects. Community Improvement Districts (CID), Transportation Development Districts (TDD) and Port Authority Districts do not have the 1% retained even though most other

districts do. For those districts in which DOR collects the 1% fee DOR assumes a loss to general revenue of \$5,959,419 in FY 2027 and \$7,945,892 in FY 2028 and beyond from the 1% fee.

Eliminating the local tax on August 28, 2026, would result in a loss to general revenue of \$5,959,419 in FY 2027 from 9 months of impact. After that it would be expected to result in a loss of \$7,945,892 annually.

In order to implement the stoppage of the state and local sales tax on August 28, 2026, the Department will need to modify the department’s sales tax forms (\$2,200), update its website and 4 computer sales tax programs (\$7,547 each) for an estimated cost of \$32,388. Additionally, notice to its vendors would occur using various means.

Based on the language of the current proposal, DOR will show the impact as stated above.

*Alternative Impact*

This proposal adds a Section 144.014.1(2) which appears to want to eliminate the local sales tax over a period of years rather than stop it all at once. Based on the wording, it is unclear if the intent is to eliminate the local sales tax on food from August 28, 2026, to December 31, 2026, and then increase the tax back to its original rate on January 1, 2027, and slowly eliminate it over 4 years. This would have resulted in a loss of 3 months of sales tax in FY 2027 and then the phase out would begin. If a phased approach to elimination was intended the impact would be a loss to political subdivision revenue.

Local Funds	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
City	(\$108,163,557)	(\$153,231,706)	(\$261,395,262)	(\$369,558,819)	(\$432,654,227)
City - TIF	(\$2,660,250)	(\$3,768,687)	(\$6,428,937)	(\$9,089,187)	(\$10,641,000)
County	(\$79,586,076)	(\$112,746,940)	(\$192,333,016)	(\$271,919,092)	(\$318,344,302)
CID	(\$6,645,241)	(\$9,414,092)	(\$16,059,333)	(\$22,704,574)	(\$26,580,965)
TDD	(\$4,759,304)	(\$6,742,347)	(\$11,501,651)	(\$16,260,955)	(\$19,037,216)
Ambulance	(\$4,131,050)	(\$5,852,321)	(\$9,983,372)	(\$14,114,422)	(\$16,524,201)
Fire	(\$1,794,403)	(\$2,542,071)	(\$4,336,475)	(\$6,130,878)	(\$7,177,614)
Emergency	(\$1,146,404)	(\$1,624,072)	(\$2,770,476)	(\$3,916,880)	(\$4,585,615)
Other	(\$1,169,423)	(\$1,651,199)	(\$2,816,752)	(\$3,995,527)	(\$4,677,691)
<b>Total Loss</b>	<b>(\$210,055,708)</b>	<b>(\$297,573,435)</b>	<b>(\$507,625,274)</b>	<b>(\$717,690,334)</b>	<b>(\$840,222,831)</b>

DOR is allowed to retain the department’s 1% collection fee, and therefore DOR could expect a loss of that fee (general revenue) from the phase out of the local tax.

	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Loss to GR -DOR 1% fee	(\$2,100,557)	(\$2,975,734)	(\$5,076,253)	(\$7,176,903)	(\$8,402,228)

In order to implement this reduction in the local tax over four years the Department will need to modify its sales tax forms (\$2,200), update its website and 4 computer sales tax programs (\$7,547 each) annually for an estimated cost of \$32,388. Additionally, notice to the department’s vendors would occur using various means.

Officials from the **Office of Administration - Budget and Planning (B&P)** note this proposal would exempt food from state sales tax beginning August 28, 2026. B&P notes that currently the state tax rate on non-prepared food is 1.225%; with 1% going to the School District Trust Fund, 0.125% going to Conservation, and 0.1% going to the Parks, Soil and Water Funds.

Local Sales Tax Issue

This proposal attempts to reduce the local sales tax on food over several years, beginning January 1, 2027. Per subsection 2, the local tax on food shall be reduced in four equal increments over four years and beginning January 1, 2031, there shall be no local tax on food. B&P assumes that the four equal reductions are 20% (2027), 40% (2028), 60% (2029), and 80% (2030).

However, B&P notes that subsection 2 states that “...the rate of sales tax imposed on all retail sales of food pursuant to the local sales tax law as defined in section 32.085 and section 238.235...”. Both section 32.085 and section 238.235 only apply to items taxable under sections 144.010 to 144.525 (sales tax). Subsection 1 of this proposal exempts food from Chapter 144 (sales and use tax).

Therefore, it is not clear whether this proposal would immediately exempt food from both state and local taxes (subsection 1), or if the reduction in local sales tax would be allowed to occur (subsection 2). In addition, B&P notes that the immediate exemption would begin August 28, 2025; while the tax reduction would not begin until January 1, 2026. For the purpose of this fiscal note, B&P will show the potential local impact as “or”.

Estimated Impact

In FY25, state sales tax collections on food was \$232,800,299. B&P estimates that approximately \$190,041,060 of those collections were distributed to the School District Trust Fund, \$23,755,133 to Conservation, and \$19,004,106 to the Parks, Soil and Water Funds.

Based on information from DOR, during FY24 \$840,285,857 in local sales tax money was collected from the retail sale of food. The following table shows the amounts collected by district type.

Table 1: Local Food Sales Tax Collections, FY24

District	Sales Tax
City	\$432,654,227
City - TIF	\$10,641,000
County	\$318,344,302
CID	\$26,643,990
TDD	\$19,037,216
Ambulance	\$16,524,201
Fire Protection	\$7,177,614
Emergency Services	\$4,585,615
Other Districts	\$4,677,691

B&P notes that “other districts” include hospital districts, port improvement districts, library districts, jail districts, recreational districts, and zoological districts.

B&P also notes that sales tax distributions are one month behind collections.

B&P further notes that DOR is granted a 1% collection fee on sales taxes distributed to local jurisdictions, except CIDs, TDDs, and Port Improvement districts. Therefore, this proposal could reduce general revenue by \$662,157 (local tax reduced) or by \$5,959,407 (local immediately exempt) in FY27. Once fully implemented, this proposal may reduce general revenue by \$7,945,918 annually.

B&P estimates that this provision may reduce TSR by \$175,262,381 (local tax reduced) or by \$180,559,631 (local immediately exempt) in FY27. Once fully implemented, this proposal could reduce TSR by \$240,746,185 annually.

This proposal could also reduce local sales tax collections by \$70,023,823 (local tax reduced) or by \$630,214,392 (local immediately exempt) in FY27. Once fully implemented, this proposal could reduce local sales tax collections by \$840,285,857. Table 2 shows the estimated impact by state and local fund.

B&P Table 2: Estimated Grocery Tax Loss by Fund (State Funds)

State Fund	FY 2027	FY 2028	FY 2029
GR (1% fee)	(\$662,157) or (\$5,959,407)	(\$2,251,334) or (\$7,945,918)	(\$3,840,512) or (\$7,945,918)
Education	(\$142,530,795)	(\$190,041,060)	(\$190,041,060)
Conservation	(\$17,816,349)	(\$23,755,133)	(\$23,755,133)
DNR	(\$14,253,080)	(\$19,004,106)	(\$19,004,106)
<b>Total State Loss</b>	<b>(\$175,262,381) or (\$180,559,631)</b>	<b>(\$235,051,633) or (\$240,746,217)</b>	<b>(\$236,640,811) or (\$240,746,217)</b>

B&P Table 2: Estimated Grocery Tax Loss by Fund (State Funds continued)

State Fund	FY 2030	FY 2031	FY 2032
GR (1% fee)	(\$5,429,689) or (\$7,945,918)	(\$7,018,866) or (\$7,945,918)	(\$7,945,918)
Education	(\$190,041,060)	(\$190,041,060)	(\$190,041,060)
Conservation	(\$23,755,133)	(\$23,755,133)	(\$23,755,133)
DNR	(\$19,004,106)	(\$19,004,106)	(\$19,004,106)
<b>Total State Loss</b>	<b>(\$238,229,988) or (\$240,746,217)</b>	<b>(\$239,819,165) or (\$240,746,217)</b>	<b>(\$240,746,217)</b>

B&P Table 2: Estimated Grocery Tax Loss by Fund (Local Funds if tiered reduction)

Fund	FY 2027	FY 2028	FY 2029
City	(\$36,054,519)	(\$122,585,364)	(\$209,116,210)
City – TIF	(\$886,750)	(\$3,014,950)	(\$5,143,150)
County	(\$26,528,692)	(\$90,197,552)	(\$153,866,413)
CID	(\$2,220,333)	(\$7,549,131)	(\$12,877,929)
TDD	(\$1,586,435)	(\$5,393,878)	(\$9,201,321)
Ambulance	(\$1,377,017)	(\$4,681,857)	(\$7,986,697)
Fire	(\$598,134)	(\$2,033,657)	(\$3,469,180)
Emergency	(\$382,135)	(\$1,299,258)	(\$2,216,381)
Other	(\$389,808)	(\$1,325,346)	(\$2,260,884)
<b>Total Annual Local Loss</b>	<b>(\$70,023,823)</b>	<b>(\$238,080,993)</b>	<b>(\$406,138,165)</b>

B&P Table 2: Estimated Grocery Tax Loss by Fund (Local Funds if tiered reduction continued)

Fund	FY 2030	FY 2031	FY 2032
City	(\$295,647,055)	(\$382,177,901)	(\$432,654,227)
City – TIF	(\$7,271,350)	(\$9,399,550)	(\$10,641,000)
County	(\$217,535,273)	(\$281,204,134)	(\$318,344,302)
CID	(\$18,206,727)	(\$23,535,525)	(\$26,643,990)
TDD	(\$13,008,764)	(\$16,816,207)	(\$19,037,216)
Ambulance	(\$11,291,537)	(\$14,596,378)	(\$16,524,201)
Fire	(\$4,904,703)	(\$6,340,225)	(\$7,177,614)
Emergency	(\$3,133,504)	(\$4,050,627)	(\$4,585,615)
Other	(\$3,196,422)	(\$4,131,961)	(\$4,677,691)
<b>Total Annual Local Loss</b>	<b>(\$574,195,335)</b>	<b>(\$742,252,508)</b>	<b>(\$840,285,857)</b>

B&P Table 2: Estimated Grocery Tax Loss by Fund (Local Funds **if** immediately exempt)

<b>Fund</b>	<b>FY 2027</b>	<b>FY 2028</b>	<b>FY 2029</b>
City	(\$324,490,671)	(\$432,654,227)	(\$432,654,227)
City – TIF	(\$7,980,750)	(\$10,641,000)	(\$10,641,000)
County	(\$238,758,227)	(\$318,344,302)	(\$318,344,302)
CID	(\$19,982,993)	(\$26,643,990)	(\$26,643,990)
TDD	(\$14,277,912)	(\$19,037,216)	(\$19,037,216)
Ambulance	(\$12,393,151)	(\$16,524,201)	(\$16,524,201)
Fire	(\$5,383,210)	(\$7,177,614)	(\$7,177,614)
Emergency	(\$3,439,211)	(\$4,585,615)	(\$4,585,615)
Other	(\$3,508,269)	(\$4,677,691)	(\$4,677,691)
<b>Total Local Loss</b>	<b>(\$630,214,392)</b>	<b>(\$840,285,857)</b>	<b>(\$840,285,857)</b>

B&P Table 2: Estimated Grocery Tax Loss by Fund (Local Funds **if** immediately exempt continued)

<b>Fund</b>	<b>FY 2030</b>	<b>FY 2031</b>	<b>FY 2032</b>
City	(\$432,654,227)	(\$432,654,227)	(\$432,654,227)
City – TIF	(\$10,641,000)	(\$10,641,000)	(\$10,641,000)
County	(\$318,344,302)	(\$318,344,302)	(\$318,344,302)
CID	(\$26,643,990)	(\$26,643,990)	(\$26,643,990)
TDD	(\$19,037,216)	(\$19,037,216)	(\$19,037,216)
Ambulance	(\$16,524,201)	(\$16,524,201)	(\$16,524,201)
Fire	(\$7,177,614)	(\$7,177,614)	(\$7,177,614)
Emergency	(\$4,585,615)	(\$4,585,615)	(\$4,585,615)
Other	(\$4,677,691)	(\$4,677,691)	(\$4,677,691)
<b>Total Local Loss</b>	<b>(\$840,285,857)</b>	<b>(\$840,285,857)</b>	<b>(\$840,285,857)</b>

**Oversight** notes officials from the Office of Administration - Budget and Planning (B&P) and the Department of Revenue (DOR) are both unsure if the proposed sales tax exemption will exempt local sales taxes with a phased reduction over a period of years *or* immediately. Oversight is unable to determine how/when the proposed sales tax exemption may apply to local political subdivisions.

Therefore, Oversight will show a potential impact of the phased reduction of sales tax to local political subdivisions and the one percent collection fee to GR (beginning January 1, 2027) *or* the immediate exemption of food to locals and the one percent collection fee to GR (beginning August 28, 2026).

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

**Oversight** notes that the Conservation Sales Tax funds are derived from one-eighth of one percent sales and use tax of the Missouri Constitution, thus MDC's sales taxes are constitutional mandates. Oversight assumes the proposal may decrease the amount of sales tax revenue distributed to this fund. Therefore, Oversight will show B&P's estimated impact for MDC's funds.

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

**Oversight** notes the Park, Soil, and Water Sales Tax funds are derived from the one-tenth of one percent sales and use tax pursuant to Article IV Section 47 (a) thus DNR's sales taxes are constitutional mandates. Oversight assumes the proposal may decrease the amount of sales tax revenue distributed to this fund. Therefore, Oversight will show B&P's estimated impact for MDC's funds.

Officials from the **City of Kansas City** assume the proposal has a negative fiscal impact of \$44 million.

Officials from the **City of Kirksville** reported Food Tax of \$2,209,681 in FY 24 and \$2,405,841 in FY 25, which is an average of 18.3% of sales and use tax collections of the City. Based on 2026 projections, that amount is estimated to be \$2,417,870 or 18.5% of sales and use tax collections. The impact of SB 1239 to the General Fund will be an overall reduction of \$1,051,353 to support public safety, streets, community and economic development, engineering, public buildings and facilities, information systems, and administration, if passed. These departments/divisions provide a major service to the community and the City as a full-service City. The impacts of SB 1239 to specific special revenue or capital funds will include a reduction of approximately 18.8% or \$1,366,517 in annual revenues for capital infrastructure and improvements, community and economic development, such as small business assistance, and quality of life through the parks and recreation programming and facilities.

Per the USDA, the average family of four persons spends approximately \$11,940 per year on groceries and pays approximately \$328, or \$82 per family member, in sales tax on food purchases. Many low-income families who participate in the Supplemental Nutrition Assistance Program or the nutrition program for Women, Infants and Children are currently exempt from local sales tax on many food items and pay well below \$82 per person in annual sales tax on food. Based on this information, it takes sales tax collections from the sale of food purchased by approximately 583 people to employ a firefighter or police officer, 854 people to purchase a

police cruiser, 6,707 people to purchase a street sweeper, and 10,366 people to purchase a firetruck.

Officials from the **St Louis Budget Division** assume the proposed legislation would eliminate the local sales tax on food, phasing it out over a four-year period. This will result in a significant loss of revenue to the City totaling nearly \$21M (in 2025 dollars) when fully implemented. With the initial reduction to be in Jan 2027, the annualized losses can be estimated as follows:

Year	Reduction %	Estimated Reduction Amt.*
2027	25%	-\$5,220,000
2028	25%	-\$10,440,000
2029	25%	-\$15,660,000
2030	25%	-\$20,880,000

\*(All stated in 2025 dollars)

**Oversight** only reflects the responses that we have received from state agencies and political subdivisions; however, other local political subdivisions were requested to respond to this proposed legislation but did not. 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. A general listing of political subdivisions included in our database is available upon request.

Officials from the **Office of the Secretary of State** and the **Joint Committee on Administrative Rules** 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.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (9 Mo.)	FY 2028	FY 2029	Fully Implemented (FY 2032)
<b>GENERAL REVENUE</b>				
<u>Cost – DOR</u> (§144.014) Modify forms and website/computer updates p.6	(\$32,388)	\$0	\$0	\$0
<u>Revenue Loss – DOR</u> (§144.014) Sales tax exemption for food, 1% collection fee p.8-9	(\$662,157) or (\$5,959,407)	(\$2,251,334) or (\$7,945,918)	(\$3,840,512) or (\$7,945,918)	(\$7,945,918)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>(\$694,545) or (\$5,959,407)</b>	<b>(\$2,251,334) or (\$7,945,918)</b>	<b>(\$3,840,512) or (\$7,945,918)</b>	<b>(\$7,945,918)</b>
<b>SCHOOL DISTRICT TRUST FUND (1688)</b>				
<u>Revenue Loss – DOR</u> (§144.014) Sales tax exemption for food p.8-9	(\$142,530,795)	(\$190,041,060)	(\$190,041,060)	(\$190,041,060)
<b>ESTIMATED NET EFFECT ON SCHOOL DISTRICT TRUST FUND (1688)</b>	<b>(\$142,530,795)</b>	<b>(\$190,041,060)</b>	<b>(\$190,041,060)</b>	<b>(\$190,041,060)</b>

<u>FISCAL IMPACT – State Government</u>	FY 2027 (9 Mo.)	FY 2028	FY 2029	Fully Implemented (FY 2032)
<b>CONSERVATION COMMISSION FUND (1609)</b>				
<u>Revenue Loss – DOR</u> (§144.014) Sales tax exemption for food p.4-6	<u>(\$17,816,349)</u>	<u>(\$23,755,133)</u>	<u>(\$23,755,133)</u>	<u>(\$23,755,133)</u>
<b>ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND (1609)</b>	<b><u>(\$17,816,349)</u></b>	<b><u>(\$23,755,133)</u></b>	<b><u>(\$23,755,133)</u></b>	<b><u>(\$23,755,133)</u></b>
<b>PARKS AND SOILS STATE SALES TAX FUNDS (1613 &amp; 1614)</b>				
<u>Revenue Loss – DOR</u> (§144.014) Sales tax exemption for food p.4-6	<u>(\$14,253,080)</u>	<u>(\$19,004,106)</u>	<u>(\$19,004,106)</u>	<u>(\$19,004,106)</u>
<b>ESTIMATED NET EFFECT ON PARKS AND SOILS STATE SALES TAX FUNDS (1613 &amp; 1614)</b>	<b><u>(\$14,253,080)</u></b>	<b><u>(\$19,004,106)</u></b>	<b><u>(\$19,004,106)</u></b>	<b><u>(\$19,004,106)</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (9 Mo.)	FY 2028	FY 2029	Fully Implemented (FY 2032)
<b>LOCAL POLITICAL SUBDIVISIONS</b>				
<u>Revenue Loss –</u> (\$144.014) Sales tax exemption for food p.9-10	(\$70,023,823) or (\$630,214,392)	(\$238,080,993) or (\$840,285,857)	(\$406,138,165) or (\$840,285,857)	(\$840,285,857)
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b>(\$70,023,823) or (\$630,214,392)</b>	<b>(\$238,080,993) or (\$840,285,857)</b>	<b>(\$406,138,165) or (\$840,285,857)</b>	<b>(\$840,285,857)</b>

FISCAL IMPACT – Small Business

Certain small businesses that sell food, as defined in the proposal, could be impacted by this proposal.

FISCAL DESCRIPTION

Current law taxes retail sales of food, as defined in current law, at a rate of one percent. This act provides that retail sales of food shall be exempt from state sales taxes.

This act also provides that, beginning on January 1, 2027, local sales taxes imposed on food shall annually be reduced in four equal increments over a period of four years. Beginning January 1, 2031, there shall be no local sales taxes imposed on food. (Section 144.014)

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  
 Missouri Department of Conservation  
 Department of Natural Resources  
 Office of the Secretary of State  
 Joint Committee on Administrative Rules  
 Pilot Grove C-4 School District

L.R. No. 4351S.011  
Bill No. SB 1239  
Page **16** of **16**  
February 10, 2026

City of Kansas City  
City of Kirksville



Julie Morff  
Director  
February 10, 2026



Jessica Harris  
Assistant Director  
February 10, 2026