

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. NO.: 2301-01  
BILL NO.: SB 644  
SUBJECT: Elderly; Revenue Dept.; Taxation and Revenue-General; Sales and Use  
TYPE: Original  
DATE: January 6, 2000

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	(\$1,876,815)	(\$2,885,603)	(\$2,957,743)
School District Trust	(\$625,605)	(\$961,868)	(\$985,914)
Conservation	(\$78,201)	(\$120,233)	(\$123,239)
Parks and Soil	(\$62,561)	(\$96,187)	(\$98,591)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(\$2,643,182)</b>	<b>(\$4,063,891)</b>	<b>(\$4,165,487)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None			
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
<b>Local Government</b>	<b>(\$938,408)</b>	<b>(\$1,442,802)</b>	<b>(\$1,478,872)</b>

**FISCAL ANALYSIS**

ASSUMPTION

Officials of the **Department of Revenue (DOR)** state the proposal would exempt the sale of coffins, caskets, burial cases and burial vaults from sales and use taxes.

DOR staff assume 80% of all taxable sales by funeral homes and crematories involve sales of the above items. Taxable sales for businesses in the SIC category "726-Funeral Service and Crematories" in FY 98 were \$108,925,594. If it is assumed that 80% of these sales represent these items, the amount of taxable sales that would be exempted in FY 98 would be \$87,140,475. 2.5% inflation is assumed.

**Oversight** assumes fiscal impact would not occur until October 1, 2000. This is because the law would go into effect August 28, 2000, and a one month lag is assumed. This would result in eight months of fiscal impact in FY 2001. Estimates are based on 1998 sales data.

**This proposal would result in a decrease in Total State Revenues since Sales and Use Tax collections are included in the calculation of Total State Revenue.**

<u>FISCAL IMPACT - State Government</u>	FY 2001	FY 2002	FY 2003
	(10 Mo.)		
<u>Loss - General Revenue Fund</u>			
Elimination of sales tax on Caskets, Coffins and Burials Cases and Vaults	(\$1,876,815)	(\$2,885,603)	(\$2,957,743)

**ESTIMATED NET EFFECT ON  
 GENERAL REVENUE FUND**      **(\$1,876,815) (\$2,885,603) (\$2,957,743)**

**SCHOOL DISTRICT TRUST FUND**

<u>Loss - School District Trust Fund</u>			
Elimination of sales tax on Caskets, Coffins, Burial Cases and Vaults	(\$625,605)	(\$961,868)	(\$985,914)

<u>FISCAL IMPACT - State Government</u> (Continued)	FY 2001 (10 Mo.)	FY 2002	FY 2003
<b>ESTIMATED NET EFFECT ON SCHOOL DISTRICT TRUST FUND</b>	<b><u>(\$625,605)</u></b>	<b><u>(\$961,868)</u></b>	<b><u>(\$985,914)</u></b>

**CONSERVATION FUND**

<u>Loss - Conservation Fund</u>			
Elimination of sales tax on Caskets, Coffins, Burial Cases and Vaults	(\$78,201)	(\$120,233)	(\$123,239)
<b>ESTIMATED NET EFFECT ON CONSERVATION FUND</b>	<b><u>(\$78,201)</u></b>	<b><u>(\$120,233)</u></b>	<b><u>(\$123,239)</u></b>

**PARKS AND SOIL FUND**

<u>Loss - Parks and Soil Fund</u>			
Elimination of sales tax on Caskets, Coffins, Burial Cases and Vaults	(\$62,561)	(\$96,187)	(\$98,591)
<b>ESTIMATED NET EFFECT ON PARKS AND SOIL FUND</b>	<b><u>(\$62,561)</u></b>	<b><u>(\$96,187)</u></b>	<b><u>(\$98,591)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
<u>Loss to Cities</u>			
Elimination of sales tax on Caskets, Coffins, Burial Cases and Vaults	(\$563,045)	(\$865,681)	(\$887,323)
<u>Loss to Counties</u>			
Elimination of sales tax on Caskets, Coffins, Burial Cases and Vaults	(\$375,363)	(\$577,121)	(\$591,549)
<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENT</b>	<b><u>(\$938,408)</u></b>	<b><u>(\$1,442,802)</u></b>	<b><u>(\$1,478,872)</u></b>

FISCAL IMPACT - Small Business

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Small businesses who sell coffins, caskets, burial case and vaults would be expected to be fiscally impacted to the extent that would no longer collect and pay sales tax on these items.

DESCRIPTION

This act exempts the sale of coffins, caskets, burial cases and vaults from sales tax.

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



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Director  
January 6, 2000