COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 4286-04
BILL NO.: HCS for SB 936
SUBJECT: Tourism; Taxation and Revenue-Sales and Use-General; Liability; Credit and Bankruptcy
TYPE: Original
DATE: April 25, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	($7,978,572) to ($11,111,072)	($15,255,697) to ($26,086,497)	($15,643,856) to ($26,908,856)
Highway Fund	(Unknown)	(Unknown)	(Unknown)
Aviation Trust	($1,183,432)	($1,420,118)	($1,420,118)
School District Trust	($400,196)	($481,380)	($481,781)
Conservation	($50,025)	($60,173)	($60,223)
Parks and Soil	($40,020)	($48,138)	($48,178)
Partial Estimated Net Effect on All State Funds*	**($9,652,245) to ($12,784,745)**	**($17,265,506) to ($28,096,306)**	**($17,654,156) to ($28,919,156)**

*** The unknown revenue losses due to the various tax credits and sales and use tax exemptions are not reflected in the partial net effect to State Funds. Such amounts are expected to exceed $1,000,000 annually.**

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Federal	$0	$0	(Unknown)
Total Estimated Net Effect on All Federal Funds	**$0**	**$0**	**(Unknown)**

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government*	**($537,795) to $3,762,705**	**($647,071) to $7,633,229**	**($647,671) to $7,810,829**

Numbers within parentheses: ( ) indicate costs or losses.
This fiscal note contains 30 pages.

FISCAL ANALYSIS

ASSUMPTION

SECTION 135.095-EXPANDS PHARMACEUTICAL TAX CREDITS

Officials of the **Office of Administration (COA)** state this proposal expands the number of persons eligible for the pharmaceutical income tax credit. According to 1990 census information, there are 270,892 individuals in Missouri between the ages of 16 and 64 with a work disability. COA staff state that 1990 census information also indicates that for Missouri there are 36,436 people between the ages of 60 and 64 who live alone.

Oversight has made the following assumptions based on the information provided by the Office of Administration on the individuals who are between the ages of 16 and 64 with a work disability: 1) The participation rate of 50% would stay the same. 2) The 270,892 individuals with the work disability would be spread over the income class in the same proportion as the individuals 65 and over considered for the pharmaceutical income tax credit in legislation passed last session. The number of individuals 65 and over was 711,309. The 270,892 individuals are equivalent to 38% of the total number of individuals 65 and over. The estimated revenue impact of last year's legislation was a loss of $20,000,000 annually. Assuming everything would remain the same, adding the disability group would have a revenue impact of 38% of the $20,000,000 ($7,618,000).

Oversight has made the following assumptions on the information provided by the Office of Administration on the people who are between the ages of 60 and 64 who live alone: 1) Oversight assumes 50% of these individuals received surviving spouse Social Security benefits. 2) Of those individuals only 50% would utilize the pharmaceutical income tax credit. Based on those assumptions Oversight has calculated the revenue impact of this portion of this proposal as follows:

36,436 individuals x 50% receive SS benefits =	18,218
18,218 individuals x 50% participation =	9,109

ASSUMPTION (continued)

9,109 individuals / 711,309 individuals 65 and over = 1.28%

1.28% x $20,000,000 = $256,000 loss

Officials of the **Department of Revenue (DOR)** state this legislation expands the pharmaceutical tax credit by allowing disabled individuals, disabled veterans, spouses of disabled veterans and individuals 60 or older receiving surviving spouse Social Security benefits, to qualify for the tax credit.

The Department of Revenue anticipates the number of pharmaceutical tax credits will increase. However, because the income limitations are different than the property tax credit, the number of additional credits is unknown. The Division of Taxation would need one temporary tax season employee for every 130,000 additional credits received for key entry.

Oversight assumes the Department of Revenue could handle the provisions of this proposal with existing resources or request additional staff through the budget process.

Officials of the **Department of Revenue (DOR)** state this legislation requires the Department of Revenue to notify potentially eligible taxpayers of the pharmaceutical tax credit if they have not already filed for the credit.

ADMINISTRATIVE IMPACT:
The Department is currently doing this now for the property tax credit and has already placed edits in the system for notification. Therefore, there is little or no administrative impact to the Department of Revenue.

Officials of the **Office of Administration (COA)** state that the revenue impact of SB 14 from last year assumed a 50% participation rate. Implicit in that assumption was that the Department of Revenue and other organizations would work to inform seniors about the program. While this proposal may enhance participation, COA staff has no basis for an estimate.

SB 675 (1998) required the Department of Revenue to notify taxpayers who were potentially eligible for the Circuit Breaker Tax Credit. The assumption made by the DOR in that legislation stated that currently only 22% of the taxpayers eligible were claiming the credit.

According to DOR staff the current participation rate for the Circuit Breaker Tax Credit is 30%.

ASSUMPTION (continued)

Oversight's assumption in calculating the fiscal impact of SB 14 assumed a 50% utilization rate for the pharmaceutical tax credit ($20,000,000). Assuming that notifying taxpayers of their potential eligibility for the pharmaceutical tax credit would have the same effect as notifying the Circuit Breaker taxpayers, which would result in an additional 8% claiming the pharmaceutical tax credit. COA staff estimated the maximum revenue impact of the pharmaceutical tax credit at 100% to be a loss of approximately $39,700,000 annually. 8% of $39,700,000 equals $3,176,000.

For purposes of this fiscal note, **Oversight** has ranged the revenue impact of this portion of the proposal from $0 to ($3,176,000) annually.

SECTION-135.552-SEXUAL VIOLENCE CRISIS SERVICE CENTERS

Officials from the **Department of Revenue (DOR)** state this proposal creates a tax credit for contributions made to a sexual violence crisis center, as long as the total amount of contributions for the taxable year exceeds $100. The tax credit is equal to 50% of the contributions made, not to exceed $50,000. The tax credit is non-refundable, but may be carried over to the next four succeeding tax years. The cumulative amount of tax credits claimed in any one fiscal year shall not exceed $500,000.

The DOR states the Director of Public Safety will determine annually which facilities in this state may be classified as sexual violence crisis service centers. The Director of Public Safety must also apportion the tax credits equally among all sexual violence crisis service centers. Any unused tax credits must be reapportioned by Public Safety to ensure that all the tax credits are available for that fiscal year.

The DOR assumes the number of taxpayers eligible for these tax credits is unknown at this time, however, the Division of Taxation, Personal Tax Bureau, will need one temporary tax season employee ($8.00 an hour) for every 130,000 returns filed (key entry) and one Tax Processing Tech I for every 2,000 credits claimed each year (processing). One Tax Processing Tech I will also be needed for every 3,000 additional pieces of correspondence and every 30,000 additional errors generated by this legislation. The Division of Taxation, Business Tax Bureau, will need one Tax Processing Tech I for every 3,680 credits claimed.

The DOR also assumes this legislation will require modifications to the individual and corporate income tax systems. The Division of Taxation estimates these modifications, including programming changes, will require 1,384 hours of contract labor, a cost of $41,617. Modifications to tax returns and schedules will be completed with existing resources. State Data

ASSUMPTION (continued)

Center charges will increase due to the additional storage and fields to be captured. Funding in the amount of $4,498 is requested for implementation costs, and $451 is requested for on-going costs.

Oversight assumes the Department of Revenue could request additional FTE to process the additional tax credits if the need arises, but for purposes of this fiscal note, the DOR is assumed only to have state data center costs of $451 in all fiscal years as a result of this proposal.

Officials from the **Department of Public Safety (DPS)** state this proposal creates a tax credit for donations made to sexual violence crisis service centers. The DPS assumes implementation of this proposal will require three FTE in their department. Required would be one (1) Program Specialist II (at $46,080 annually) to supervise and work with the centers to determine who qualifies, review tax credit documents and answer citizen questions; one (1) Accountant I (at $29,184 annually) to review, monitor, and process tax credits as they are sent to the DPS; and one (1) Clerk III (at $22,164 annually) to provide clerical support for the program.

Oversight assumes the DPS can utilize existing resources to perform many of the duties involved with implementing this proposal and will only require an additional Program Representative.

Officials from the **Office of Administration, Budget and Planning** state that they have not been able to find any empirical basis to estimate the fiscal impact of the proposal.

Oversight estimated the fiscal impact to the General Revenue Fund of the tax credits as a range from $0 to ($500,000) for fiscal years 2002 and 2003.

SECTION-135.562-HOME DISABILITY TAX CREDIT PROGRAM

Officials from the **Department of Revenue (DOR)** state this proposal creates the Home Disability Tax Credit Program, whereby any individual taxpayer with a federal adjusted gross income of $30,000, or less, will receive a tax credit equal to 50% of the costs incurred on behalf of an eligible disabled individual for assistive technology. The tax credit shall not exceed $3,000 and is refundable up to $300 per tax year.

The DOR also states that any individual taxpayer with a federal adjusted gross income greater than $30,000 will be eligible for the tax credit equal to 25% of the costs incurred, not to exceed $3,000. This tax credit, however, is non-refundable.

ASSUMPTION (continued)

ADMINISTRATIVE IMPACT: The number of taxpayers eligible for this tax credit is unknown at this time. The Division of Taxation will need one temporary tax season employee (at $8.00 per hour) for every 130,000 returns filed (key entry), and one Tax Processing Tech I for every 30,000 income tax errors generated by this proposal. One Tax Processing Tech I will also be needed for every 3,000 additional pieces of correspondence generated by this legislation.

Modifications will also be needed for the individual and corporate income tax systems. The Division of Taxation has estimated these modifications would require 1,384 programming hours at a cost of $41,617. Modifications to tax returns and schedules will be completed with existing resources. State Data Center charges will increase due to the additional storage and fields to be captured, and are estimated to be $9,007.

The **Office of Administration, Budget and Planning** state they have no estimate of how many taxpayers would use this credit and consequently, how this proposal would impact State revenue.

Officials from the **Department of Health** and the **State Tax Commission** assume this proposal will have no fiscal impact on their agencies

Oversight assumes this proposal would not result in a need for any additional capital improvements or rental space as indicated by the DOR. Oversight also assumes costs and revenue losses associated with this program would be incurred starting with fiscal year 2002, since the credits are eligible for all tax years beginning on or after January 1, 2001. **Oversight** assumes there are no statistics available on how much durable medical equipment expenditures are in Missouri; therefore, national data was used. **Oversight** used the national expenditures for "Vision Products and Other Medical Durables" as reported by the Health Care Financing Administration. Those expenditures were then reduced by 46%, which is the estimated retail sales of optical goods (eyeglasses, contacts, etc.) in the United States according to the U.S. Census Bureau, 1997 Economic Census data, leaving just durable medical equipment expenditures. Those expenditures were then multiplied by 17% to reflect the percentage of health expenditures that are paid for Out-of-pocket. Those expenditures were multiplied by 1.9% to represent Missouri's portion of the national total, which resulted in $28.954 million in FY 2002 and $30.698 million in FY 2003. Then a range of 25% to 50% of those expenditures were assumed to impact total state revenues, depending upon the adjusted gross income of the purchaser.

ASSUMPTION (continued)

SECTION-136.076-CONTINGENCY CONTRACTS

Officials of the **Department of Revenue**, **Department of Insurance, Attorney General's Office, State Tax Commission, Office of Secretary of State, and the State Auditor's Office** state this portion of the proposal would not fiscally impact their agencies.

Officials from the **Kansas City Manager's Office** state this portion of the proposal would not impact their municipality.

Officials from **St. Louis County** state this portion of the proposal would not impact their county.

Oversight, for purposes of this fiscal note, has reflected this portion of the proposal as having no revenue impact.

SECTIONS-137.115, 137.155 and 137.360-REAL PROPERTY

This portion of the proposal would change the wording of the affidavit taxpayers sign when attesting to their personal property to take out references to real property.

Officials of the **State Tax Commission** stated this portion of the proposal would not have a fiscal impact.

SECTION-139.031-PROPERTY TAX

Officials of the **State Tax Commission** stated that this portion of the proposal would not have administrative impact on that agency.

They also noted that there would be relatively few claims for refunds under terms of this proposal; however, one large claim for refund could have a significant impact upon the political subdivisions affected since they probably would already have spent the taxes paid in error.

SECTIONS-143.661 and 621.050-BURDEN OF PROOF

The **Department of Revenue** is unsure of the affect, if any, adding the burden of proof language to these sections will have. The administrative and revenue impact is unknown until the courts interpret the meaning of these sections.

ASSUMPTION (continued)

SECTION-144.010-GRATUITY

Officials of the **Department of Revenue (DOR)** state this proposal exempts mandatory gratuities from sales tax. They assume the administrative impact would consist of an informational mailing, which would be absorbed into the department's budget. The DOR also states that the fiscal impact of this proposal is unknown.

Officials from the **Office of Administration - Budget and Planning (OA)** state that nationally, personal consumption expenditures on "Purchased Meals and Beverages" were $334.7 billion in 1998. Assuming a 5 percent growth rate, this amount would be $387.5 billion by 2001. Further assuming that Missouri represents 1.9 percent of this total, then Missouri's spending on "Purchased Meals and Beverages" in 2001 will be $7.36 billion, which includes gratuities. The Office of Administration, however, has no basis for estimating what percent of this total constitutes mandatory gratuities.

Oversight assumes that if $7.36 billion represents purchased meals and beverages in Missouri, $96 million of this amount (15%) would likely approximate total gratuities paid. Of the $96 million, only a fraction would constitute mandatory gratuities. For instance, if 10% of total gratuities were mandatory, $9.6 million would become sales tax exempt under this proposal at a sales tax rate of 4.225%. This would equal a state revenue loss of $405,600. However, since Oversight does not posses's data regarding the incidence of mandatory gratuities, revenue losses have been stated as unknown, expected to exceed $100,000 annually to all affected funds.

SECTION-144.157-TOURISM TAX

Officials of the **Department of Revenue (DOR)** state this legislation expands personal liability for the collection of the tourism tax in Branson. This is a locally collected tax and DOR projects no impact.

Officials of the **Department of Economic Development (DED)** state this proposal would not fiscally impact their agency.

Officials from the **City of Branson** assume this proposal will allow them to collect previously unpaid or uncollectible taxes. The City estimated the increase in revenue from this proposal to be roughly $75,000 a year.

ASSUMPTION (continued)

SECTION-144.805-AVIATION JET FUEL EXEMPTION

Officials of the **Department of Natural Resources (DNR)** state this portion of the proposal exempts from state and local sales and use taxes all sales of aviation jet fuel to common carriers engaged in interstate air transportation if the carrier is headquartered in Missouri, uses as a hub for its operations an airport in this state and meets certain criteria on aviation jet fuel usage. The proposed legislation also removes a limited sales and use tax exemption for aviation fuel for certain common carriers.

Oversight assumes the sales and use tax exemption for aviation jet fuel would result in a decrease of roughly $2,000,000 in total state revenues. This $2,000,000 would impact the Aviation Trust Fund (instead of the General Revenue Fund), the School District Trust Fund, the Conservation Fund and the Parks and Soils Fund. Oversight assumes that the decrease in revenue into the Aviation Trust Fund would not necessarily result in a decrease in loans and grants to local airports. The proposal would, however, decrease some local sales tax revenues by roughly $710,060 since jet fuel for common carriers engaged in interstate air transportation which are headquartered in this state would now be exempt from sales and use tax on this fuel.

Oversight assumes the future loss of revenues from moving the jet fuel sales tax exemption expiration date from December 31, 2003 to December 31, 2005 is beyond the scope of this fiscal note.

SECTION-144.815-BULLION and INVESTMENT COINS SALES TAX EXEMPTION

Officials from the **Department of Revenue (DOR)** state this proposal creates a sales and use tax exemption for bullion and investment coins. The DOR states the proposal would have no administrative impact to their department, and would have an unknown fiscal impact to total state revenues.

Officials from the **Office of Administration, Budget and Planning** state this proposal would have an unknown impact on total state revenues.

Oversight assumes, according to the Merchandise Product Lines report from the 1992 Census of Retail Trade, that coins, metals and other numismatic items account for roughly 0.1% of retail sales at jewelry stores. Oversight assumes this would represent coins and gold bullion as defined in this proposal. Also, total sales of jewelry in the United States totaled $25,872,289,000. Therefore, assuming that coins and metals sold outside of jewelry stores is proportionate to coins and metals sold within jewelry stores, the total sales of coins and metals in the United States in

ASSUMPTION (continued)

1992 is estimated to be $25,872,289. Assuming that Missouri sales represent 1.9% of this total, $491,573 of sales in Missouri in 1992 were for coins and metals. Growing the jewelry sales by 5% for all years since 1992, estimated sales in FY's 2001, 2002 and 2003 for coins and gold bullion are estimated to be $762,591, $800,721 and $840,757 respectively. This would result in a loss in sales tax revenue of $24,165 in FY 2001 (9 months), $33,830 in FY 2002 and $35,522 in FY 2003. The Merchandise Lines Report for the 1997 Census of Retail Trade should be available in May, 2000.

SECTION-144.817-DONATED PERSONAL PROPERTY

Officials of the **Department of Revenue (DOR)** state this proposal creates a new sales tax exemption for property purchased and then donated within one year to the State of Missouri. The DOR projects no major administrative impact from this proposal and an minimal but unknown decrease in state revenue. The exemption includes all items purchased that are converted into another item that is donated to the state.

ADMINISTRATIVE IMPACT: It is assumed the volume of these gifts and the resulting refund requests would be minimal and no additional FTE would be required; however, if the number of exemptions/refunds is greater than currently anticipated, additional resources could be required.

REVENUE IMPACT: There is no way of determining the value of items that will be donated to the State of Missouri nor the revenue loss associated therewith.

Officials of the **Office of Administration** stated in a response to similar legislation from 1999, they had not been able to find any empirical basis to estimate the fiscal impact of this proposal.

Oversight assumes for purposes of this fiscal note that there would be an unknown revenue loss to all state and local funds, but the amount of the loss is expected to be less than $100,000 annually to any one fund.

SECTION-301.725-ALTERNATIVE FUEL VEHICLES

Officials of the **Department of Natural Resources (DNR)** state this bill could be implemented with existing resources.

Officials of the **Office of Administration (COA)** state the number of alternative fuel vehicles currently manufactured is approximately 4,000 a year. The majority of those vehicles are sold/leased in the state of California. Therefore the revenue estimate for this proposal would be

ASSUMPTION (continued)

an unknown loss based on the number of alternative fuel vehicles purchased or leased and the amount of the income tax credit allowed.

Oversight assumes, for purposes of this fiscal note, that the number of taxpayers that would convert to alternative fuel vehicles is unknown. **Oversight** also assumes that the intent of this proposal is to encourage the purchase of alternative fuel vehicles. **Oversight** assumes this proposal would reduce the number of gasoline only operated vehicles purchased. This would have a negative unknown impact on Highway Funds and possibly federal gas tax funds.

The income tax credits allowed in this proposal would have a negative impact on General Revenue Funds. Since the number of taxpayers that would convert to alternative fuel vehicles is unknown, the loss to General Revenue for the income tax credit is unknown.

SECTIONS-640.875, 640.878, 640.881, 640.884 and 640.887-RENEWABLE ENERGY INCOME TAX CREDIT

Officials from the **Department of Revenue (DOR)** state the proposal enacts several new sections;

Section 640.875
This section defines the qualified expenditures and establishes a tax credit for individual taxpayers that place solar electric generating equipment in service at their principal residence. The credit is non-refundable, but can be carried forward for five years. The credit is for an amount equal to the lesser of 25% of the qualified expenditures or $3,750, to the extent these expenditures are included in the taxpayer's federal adjusted gross income. The Department of Natural Resources is responsible for the certification of the credit and will provide DOR with a certification on each taxpayer. The taxpayer is required to submit certification with the tax return.

Section 640.878
This section defines the qualified expenditures and establishes a credit for an individual taxpayer who places in their residence renewable energy equipment. The credit is for an amount equal to the lesser of 25% of the expenditures or $2,000. When applying the credit to businesses, the credit is an amount equal to the lessor of 35% of the business's qualified expenditures or $250,000. The tax credit is non-refundable, but may be carried forward for five years. The Department of Natural Resources is responsible for the certification of the credit and will submit certification to the taxpayer and to the Department of Revenue. The taxpayer is required to submit certification with income tax return when filing.

ASSUMPTION (continued)

Section 640.881
This section defines the qualified expenditures and establishes a tax credit for individual taxpayers who makes energy efficiency improvements to their principal residence. The credit is non-refundable, but can be carried forward for five years. The credit is for an amount equal to the lesser of 25% of the taxpayer's qualified costs or $2,000, to the extent these expenditures are included in the taxpayer's federal adjusted gross income.

This legislation also establishes a tax credit for individual taxpayers who makes energy efficiency improvements to their primary residence and uses the services of a certified home energy rating technician. This credit is a one-time, non-refundable tax credit for an amount equal to the lesser of the taxpayer's costs for the technician or $250.

Both credits will be certified by the Department of Natural Resources, who will provide DOR with a certification on each taxpayer. The taxpayer is required to submit certification with the tax return.

Section 640.884
This section defines the qualified expenditures and establishes a credit for taxpayers that make energy efficiency improvements to eligible buildings owed by taxpayer. The credit is non-refundable, but may be carried forward for five years. The credit is in the amount equal to the lesser of 25% of the costs or $2,000.

The section also establishes a tax credit for a taxpayer's cost of a technical energy study performed by a licensed professional architect or engineer. The credit is a one-time non-refundable credit and is equal to the lesser of 10% of the costs incurred or $50,000.

Both credits will be certified by the Department of Natural Resources, who will provide DOR with a certification on each taxpayer. The taxpayer is required to submit certification with the tax return. Both credits can be carried forward to the next five succeeding tax years.

Section 640.887
This section establishes a net energy metering service for electric service providers in this state that offers residential and small commercial services. The Public Service Commission and the Department of Natural Resources will monitor this section.

The DOR states the number of taxpayers eligible for these tax credits is unknown at this time. The Division of Taxation, Personal Tax Bureau, will need one temporary tax season employee ($8.00 an hour) for every 130,000 returns filed (key entry) and one Tax Processing Tech I for

ASSUMPTION (continued)

every 2,000 credits claimed each year (processing). One Tax Processing Tech I will also be needed for every 3,000 additional pieces of correspondence and every 30,000 additional errors generated by this legislation. The Division of Taxation, Business Tax Bureau, will need one Tax Processing Tech I for every 3,680 credits claimed.

The DOR assumes this legislation will also require modifications to the individual and corporate income tax systems. The Division of Taxation estimates these modifications, including programming changes, will require 1,384 hours of contract labor, a cost of $41,617. Modifications to tax returns and schedules will be completed with existing resources. State Data Center charges will increase due to the additional storage and fields to be captured. Funding in the amount of $4,498 is requested for implementation costs and $451 is requested for on-going costs.

Oversight assumes the Department of Revenue could request additional FTE to process the additional tax credits if the need arises, but for purposes of this fiscal note, the DOR is assumed to only have programming costs from this proposal.

Officials from the **Department of Economic Development, Public Service Commission (PSC)** state Section 640.887 of this proposal allows tax credits for electric generating equipment powered by sun, wind, waste, agricultural crops and residues, refuse-derived fuel, wood, geothermal (not including fuel cells), small hydro, fuel cells using renewable energy or a farm system anaerobic digestion system of agricultural wastes. Net energy metering is allowed for the above (a single meter that runs both ways). Requires every electric service provider to use a standard contract or tariff approved by the PSC for providing net energy metering. Generation by these methods is limited to the lesser of 10% of the state's peak electricity demands or 10,000kw. Allows the PSC to adopt by regulation additional control and testing requirements for eligible customer-generators as the PSC deems necessary to protect public safety and to promote system reliability. Not later than January 31, 2006, the PSC in consultation with the Department of Natural Resources, shall prepare and submit to the President Pro Tem of the Senate, the Speaker of the House of Representatives, and the Governor a report on Missouri's experience with net metering and offer recommendations regarding the appropriateness of increasing the cap on net metering.

The PSC assumes the need for one (1) total FTE to implement this proposal. The PSC states that they will require ½ of an FTE as a Utility Regulatory Engineer I (at $54,840 annually) and ½ of an FTE as a Rate & Tariff Examiner I (at $34,992 annually). Duties would include inspections of parallel operations, testing for safety and system reliability, examining tariffs or standard contracts that every electric service provider (including 81 municipals and 40 cooperatives) must

ASSUMPTION (continued)

submit to the Commission for approval, and monitor the amount of generation so it does not exceed the limit in the proposal.

Oversight assumes the PSC can implement this proposal with existing resources.

Officials from the **Department of Natural Resources (DNR)** assume this proposal would require applicants for the proposed tax credits to submit initial plans to their department for review before installation (including proof that the equipment is expected to remain in use for at least 5 years) as well as upon project completion. The DNR assumes these activities could be performed with existing resources.

Officials from the **Office of Secretary of State (SOS)** assume there would be costs due to additional publishing duties related to the Department of Natural Resource's authority to promulgate rules, regulations, and forms. SOS estimates the division could require approximately 22 new pages of regulations in the Code of State Regulations at a cost of $26.50 per page, and 33 new pages in the Missouri Register at a cost of $22.50 per page. Costs due to this proposal are estimated to be $1,326, however, the actual fiscal impact would be dependent upon the actual rule-making authority and may be more or less. Financial impact in subsequent fiscal years would depend entirely on the number, length, and frequency of the rules filed, amended, rescinded, or withdrawn. SOS does not anticipate the need for additional staff as a result of this proposal; however, the enactment of more than one similar proposal may, in the aggregate, necessitate additional staff.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Oversight assumes the tax credits will be used beginning with FY 2002 and the amount of the tax credits that will be authorized and issued is unknown, but expected to exceed $100,000.

SECTION-B

SECTIONS-67.478 thru 67.493 and SECTIONS-144.757 to 144.761 and 353.020- COMMUNITY COMEBACK ACT

Officials from **St. Louis County** state this is authorizing legislation and would allow them to put a vote before the people of St. Louis County. If passed, St. Louis County anticipates additional

<u>ASSUMPTION</u> (continued)

revenue of $5 million to $6 million per year.

In response to similar legislation, officials from the **Department of Revenue (DOR)** state this proposal creates the Community Comeback Act for eradication of blight and neighborhood revitalization in St. Louis. The DOR assume this proposal will have no fiscal impact on their agency.

Officials from the **City of St. Louis** states this proposal deals with St. Louis County and would have no fiscal impact to the City.

Officials from the **Department of Economic Development (DED)** assume the proposal will have no fiscal impact on their agency.

In response to similar legislation, officials from the **Secretary of State's Office** state this proposal outlines the issuance of bonds, appointment of trust board members, required audits, appointment and function of an advisory board, etc. They assume this proposal will have no fiscal impact on their agency.

Oversight assumes this proposal is permissive and would have no state impact unless voter approval occurred. For purposes of the fiscal note, Oversight estimated the possible revenues in a range of voters not passing such proposal to voters approving the measure in August, 2000. This portion of the proposal has an emergency clause so the effective date of the tax could be as early as Oct. 1, 2000, therefore, eight months of revenue is estimated for FY 2001. Oversight also assumes a growth rate of 2% for future fiscal years.

SECTIONS-67.1062 and 67.1063-ADDITIONAL USER FEE ON HOUSING RENOVATION

Department of Economic Development - Missouri Housing Development Commission officials assume no fiscal impact to the Missouri Housing Trust Fund.

St. Louis County Recorder of Deeds stated that if the voters were to approve the collection of a $3 fee on all recorded instruments, the amount of income generated would be approximately $880,000 annually.

Oversight assumes, income from sale of renovated housing would be dependent upon economic conditions, and demand for this type of housing. Therefore, the local fiscal impact from this portion of this proposal would be a positive unknown.

ASSUMPTION (continued)

SECTION-67.1360-TOURISM TAX

Oversight for the purposes of this fiscal note assumes all tourism tax collected would be spent resulting in an annual fund balance of zero. This portion of the proposal is permissive and would require voter approval to impose a tourism tax.

SECTIONS-67.1401, 67.1461, 67.1545 and 67.1571-COMMUNITY IMPROVEMENT DISTRICT

This portion of the proposal makes several changes to the Community Improvement District Act. Community improvement districts (CIDs) create a special benefit district to allow districts to assess and tax themselves for community improvement and services. The changes include changing the definition of "Qualified Voters"to include owners of one or more parcels of real property which is to be subject to real property taxes if the district is located in a city not within a county. The proposal also contains other clarifying language regarding elections for approval of business license taxes or sales taxes. This part of the proposal also allows any district, by resolution, to impose a district sales tax on all retail sales at a rate of one-eight of one percent, one-fourth of one percent, three-eighths of one percent, one-half of one percent, or one percent. This sales tax is subject to voter approval and ballot language is included. This proposal also repeals the minimum wage requirement for the CIDs.

Oversight assumes annual fiscal impact to CIDs as a result of this proposal would be $0. Oversight assumes that costs will not exceed income resulting in either a zero or a positive fund balance.

SECTION-94.1008-ECONOMIC DEVELOPMENT SALES TAX FOR KIRKSVILLE

Officials from the **City of Kirksville** state this proposal would allow the city to use sales tax proceeds to fund the local portion of a city-state highway improvement project. The City of Kirksville estimated a 1/2% sales tax will generate $1,100,000 in the current fiscal year and forecast a growth rate of 2%. They also estimate election costs to the City of $6,000.

Officials from the **State Treasurer's Office**, the **Department of Economic Development**, and the **Department of Transportation** assume this proposal will have no fiscal impact on their respective agencies.

ASSUMPTION (continued)

The **Department of Revenue (DOR)** state this proposal authorizes an economic development sales tax for funding a transportation corporation in Kirksville. The DOR assume this proposal will not cause an administrative fiscal impact to their agency.

Oversight assumes this proposal is permissive and would have no state impact unless voter approval occurred. For purposes of the fiscal note, Oversight estimated the possible revenues in a range of such proposal not being passed by voters, to a full one cent sales tax being passed by the voters in October, 2000. Oversight assumed the earliest possible effective date of such a sales tax would be April, 2001, with one month collection lag, therefore only two months of revenue are estimated for FY 2001.

This proposal would result in a decrease in Total State Revenues.

FISCAL IMPACT - State Government	FY 2001 (10 Mo.)	FY 2002	FY 2003
GENERAL REVENUE FUND			
Loss to General Revenue Fund			
Pharmaceutical Tax Credit for Disabled	($7,618,000)	($7,618,000)	($7,618,000)
Pharmaceutical Tax Credit for Surviving Spouse with SS Benefits	($256,000)	($256,000)	($256,000)
Increase in pharmaceutical Tax Credits Claimed	$0 to ($3,176,000)	$0 to ($3,176,000)	$0 to ($3,176,000)
Loss to General Revenue Fund			
Tax credits for donations to sexual violence crisis service centers	$0	$0 to ($500,000)	$0 to ($500,000)
Costs - Department of Revenue			
State Data Center costs	($451)	($451)	($451)
Costs - Department of Public Safety			
Personal Service (1 FTE)	($23,616)	($48,413)	($49,623)
Fringe Benefits	($7,262)	($14,887)	($15,259)

FISCAL IMPACT - State Government	FY 2001 (10 Mo.)	FY 2002	FY 2003
Expense and Equipment	($9,970)	($4,800)	($4,800)
Total Administrative Costs-DPS	($40,848)	($68,100)	($69,682)
Loss - General Revenue Fund			
Creation of Home Disability Tax Credit	$0	($7,238,500) to ($14,477,000)	($7,674,500) to ($15,349,000)
Costs -Department of Revenue			
Reprogramming costs	$0	($50,624)	$0
Loss - General Revenue Fund			
Burden of Proof	(Unknown)	(Unknown)	(Unknown)
Loss - Sales tax exemption for mandatory gratuities	(Unknown)	(Unknown)	(Unknown)
Loss - Sales tax exemption for sales of gold bullion and investment coins	($17,158)	($24,022)	($25,223)
Loss to General Revenue Fund			
Sales tax exemption for Donated Property	(Unknown)	(Unknown)	(Unknown)
Loss - General Revenue Fund			
Income tax credit for Alternative Fuel Vehicles	(Unknown)	(Unknown)	(Unknown)
Costs - Department of Revenue			
Programming expenses	($46,115)	$0	$0
Costs - tax credit for solar Generating equipment (640.875)	$0	$0 to (unknown)	$0 to (unknown)
Costs - Tax credit for renewable energy Equipment (640.878)	$0	$0 to (unknown)	$0 to (unknown)

FISCAL IMPACT - State Government	FY 2001 (10 Mo.)	FY 2002	FY 2003
Costs - Tax credit for energy efficient Improvements to primary residence (640.881)	$0	$0 to (unknown)	$0 to (unknown)
Costs - Tax credit for energy efficient Improvements to eligible building (640.884)	$0	$0 to (unknown)	$0 to (unknown)
Costs - Net Energy metering (640.887)	$0	$0 to (unknown)	$0 to (unknown)
Income to General Revenue Fund			
1% collection fee (St. Louis County)	$0 to $40,000	$0 to $61,200	$0 to $62,500
1% collection fee (Kirksville)	$0 to $3,500	$0 to $22,500	$0 to $23,000
PARTIAL NET EFFECT ON GENERAL REVENUE FUND*	**($7,978,572) to ($11,111,072)**	**($15,255,697) to ($26,086,497)**	**($15,643,856) to ($26,908,856)**
HIGHWAY FUND			
Loss - Sales tax exemption for Donated Property	(Unknown)	(Unknown)	(Unknown)
Loss to Highway Fund			
Decrease in State gas tax revenues	(Unknown)	(Unknown)	(Unknown)
FEDERAL FUNDS			
Loss to Federal Funds			
Decrease in Federal gas tax revenues	$0	$0	(Unknown)

FISCAL IMPACT - State Government	FY 2001 (10 Mo.)	FY 2002	FY 2003
AVIATION TRUST FUND			
Loss-decrease in sales tax revenue on jet fuel	($1,183,432)	($1,420,118)	($1,420,118)
SCHOOL DISTRICT TRUST FUND			
Loss-decrease in sales tax revenue on jet fuel	($394,477)	($473,373)	($473,373)
Loss - Sales tax exemption for mandatory gratuities	(Unknown)	(Unknown)	(Unknown)
Loss - Sales tax exemption for sales of gold bullion and investment coins	($5,719)	($8,007)	($8,408)
Loss - Sales tax exemption for Donated Property	(Unknown)	(Unknown)	(Unknown)
PARTIAL NET EFFECT ON SCHOOL DISTRICT TRUST FUND*	**($400,196)**	**($481,380)**	**($481,781)**
CONSERVATION FUND			
Loss-decrease in sales tax revenue on jet fuel	($49,310)	($59,172)	($59,172)
Loss - Sales tax exemption for mandatory gratuities	(Unknown)	(Unknown)	(Unknown)
Loss - Sales tax exemption for sales of gold bullion and investment coins	($715)	($1,001)	($1,051)

FISCAL IMPACT - State Government	FY 2001 (10 Mo.)	FY 2002	FY 2003
Loss - Sales tax exemption for Donated Property	(Unknown)	(Unknown)	(Unknown)
PARTIAL NET EFFECT ON CONSERVATION FUND*	**($50,025)**	**($60,173)**	**($60,223)**
PARKS AND SOIL FUND			
Loss-decrease in sales tax revenue on jet fuel	($39,448)	($47,337)	($47,337)
Loss - Sales tax exemption for mandatory gratuities	(Unknown)	(Unknown)	(Unknown)
Loss - Sales tax exemption for sales of gold bullion and investment coins	($572)	($801)	($841)
Loss - Sales tax exemption for Donated Property	(Unknown)	(Unknown)	(Unknown)
PARTIAL NET EFFECT ON PARKS AND SOIL FUND*	**($40,020)**	**($48,138)**	**($48,178)**

FISCAL IMPACT - Local Government	FY 2001 (10 Mo.)	FY 2002	FY 2003
POLITICAL SUBDIVISIONS			
Cost - Additional Refunds and Credits	$0 to (Unknown)	$0 to (Unknown)	$0 to (Unknown)
Loss - Sales tax exemption for mandatory gratuities	(Unknown)	(Unknown)	(Unknown)

FISCAL IMPACT - Local Government	FY 2001 (10 Mo.)	FY 2002	FY 2003
Loss - Sales tax exemption for sales of gold bullion and investment coins	($8,579)	($12,011)	($12,611)
Loss - Sales tax exemption for Donated Property	(Unknown)	(Unknown)	(Unknown)
Loss-decrease in sales tax revenue on jet fuel	($591,716)	($710,060)	($710,060)
Loss to Cities and Counties			
Decrease in State gas tax revenues	(Unknown)	(Unknown)	(Unknown)
Decrease in Federal gas tax revenues	$0	$0	(Unknown)
Income to City of Branson and Lake Area Business District			
Collection of unpaid taxes	at least $62,500	at least $75,000	at least $75,000
SAINT LOUIS COUNTY			
Income - Local Use Tax proceeds	$0 to $3,960,000	$0 to $6,058,800	$0 to $6,187,500
LOCAL ECONOMIC SALES TAX FUND			
Income - Local Sales Tax proceeds	$0 to $346,500	$0 to $2,227,500	$0 to $2,277,000
Costs - Transfer to City of Kirksville	$0 to ($346,500)	$0 to ($2,227,500)	$0 to ($2,277,000)

FISCAL IMPACT - Local Government	FY 2001 (10 Mo.)	FY 2002	FY 2003
CITY OF KIRKSVILLE			
Costs - Election costs	$0 to ($6,000)	$0 to ($6,000)	$0 to ($6,000)
Income - Proceeds from local sales tax	$0 to $346,500	$0 to $2,227,500	$0 to $2,277,000
PARTIAL NET EFFECT ON LOCAL GOVERNMENT*	**($537,795) to $3,762,705**	**($647,071) to $7,633,229**	**($647,671) to $7,810,829**

FISCAL IMPACT - Small Business

Small business could be impacted by this proposal.

DESCRIPTION

This proposal makes numerous changes related to taxation.

TOURISM TAXES

The proposal:
(1) Creates personal liability for the collection of certain tourism taxes. Tourism tax statutes do not currently provide that the individual responsible for filing the taxes is personally liable, as is the case in state sales taxes. This change expands the individual liability only to Branson tourism taxes, not tourism taxes in general; and (2) Allows the cities of Bethany, New Madrid, Bloomfield, Caruthersville, and St. James and New Madrid and Stoddard counties, upon voter approval, to impose a tax of at least 2% but not more than 5% on the charges for all sleeping rooms of hotels, motels, bed and breakfast inns, campgrounds, and any docking facility which rents slips to recreation boats used by transient guests for sleeping. These authorizations are subject to an emergency clause.

DESCRIPTION
(Continued)

SALES AND USE TAX

The proposal:

(1) Exempts the sale of bullion and investment coins from state and local sales and use taxes; (2) Exempts from state and local sales and use taxes all purchases of tangible personal property and all items converted into tangible personal property which are donated to the state of Missouri; (3) Allows charges of mandatory gratuities incident to the serving of food or beverage to be excluded from gross receipts in the calculation of sales and use tax owed by a seller; and (4) Exempts from state and local sales and use taxes all sales to certain air transportation common carriers with national headquarters located in this state and that use an airport in this state as a hub which: (a) pays an aggregate amount of state and local sales and use taxes of $150,000 or more and purchases, stores, or consumes less than 3 million gallons of jet fuel per month on average during the calendar year; or (b) pays an aggregate of $1,500,000 or more of the state and local sales and use taxes and purchases, stores, or consumes 3 million gallons or more of jet fuel per month on average during the calendar year. The proposal also extends the current sunset on the state and local sales and use tax exemption on purchases of jet fuel consumed by certain air transportation common carriers headquartered in the state from an expiration of December 31, 2003, to December 31, 2005.

PROPERTY TAX

The proposal:

(1) Removes language from the oath required to be signed by a personal property taxpayer attesting all personal property owned by the taxpayer in the state. The current oath refers to real property which is not required to be listed on the statement. The proposal also makes the personal property tax oath used in counties of the first classification the oath for all other counties; and (2) Extends the time period for refund or credit of an overpayment of property taxes that has been erroneously or mistakenly levied upon a taxpayer from one to 3 years. Interest will also be required to be paid on the overpayment. Current law prohibits payment of interest to the taxpayer. The proposal also allows collectors of revenue to offset future distributions of property tax revenues to political subdivisions in an amount equal to any refund or credit granted.

DESCRIPTION
(Continued)

INCOME TAX
The proposal:

(1) Expands the pharmaceutical income tax credit to include certain disabled persons and certain taxpayers who have reached the age of 60 years and receive surviving spouse benefits under Social Security and requires the Department of Revenue to review returns and advise eligible taxpayers who have not applied for the pharmaceutical income tax credit that they may be eligible to take the credit; (2) Creates the Home Disability Tax Credit Program. The proposal authorizes a state individual income tax credit for purchases of certain assistive technology products, devices, and equipment by a taxpayer on behalf of an eligible disabled individual. The tax credit will be equal to 50% of the cost of the assistive technology products or devices if the taxpayer's federal adjusted gross income is $30,000 or less. The tax credit will be equal to 25% of the cost if the taxpayer's federal adjusted gross income is greater than $30,000. The maximum credit for any one taxpayer cannot exceed $3,000. If the taxpayer's federal adjusted gross income is $30,000 or less, any unused credit will be refunded up to $300. The tax credit applies to tax year 2000 and thereafter; (3) Authorizes individual income tax credits to taxpayers equal to 50% of any contribution to a qualified sexual violence crisis service center offering specific services to victims up to a maximum credit of $50,000 per year. The minimum contribution must be equal to or greater than $100 to receive the credit. The credit may be carried over for 4 years, but may not exceed tax liability in any one year. The proposal requires the Department of Public Safety to determine qualified facilities and to apportion the tax credits among all qualified facilities located in the state. The maximum statewide credits granted cannot exceed $500,000 per year. These provisions will become effective January 1, 2001; (4) Establishes several income tax credits for installing equipment that generates electricity from renewable energy sources and for making improvements that increase energy efficiency. All credits are non-refundable and may be carried forward for up to 5 years. Homeowners may apply for a credit of the lesser of $3,750 or 25% of the costs of installing solar electric generating equipment in their principal residence or a credit of the lesser of $2,000 or 25% of the costs of installing electric generating equipment that uses energy from renewable sources in their principal residence. Business owners are eligible for a credit of the lesser of $250,000 or 35% of the costs of installing electric generating equipment that uses energy from renewable sources. To claim these credits, the applicant must submit plans to the Department of Natural Resources (DNR) before installation, including proof that the equipment is expected to remain in use for at least 5 years, and file a second application with DNR upon project completion, including proof that the building will remain in use as a principal residence or business. Homeowners are also eligible

DESCRIPTION
(Continued)

for a credit of the lesser of $2,000 or 25% of the costs of making improvements in heating, cooling, lighting, insulation, or other systems that increase the energy efficiency of their principal residence. The improvements must increase the efficiency of an existing residence by at least 25% or, for a new residence, exceed the requirements of the latest Model Energy Code by at least 30%, as determined by a certified home energy rating technician. Single family homes and individual residences in multi-dwelling structures are eligible. To claim this credit, homeowners must submit an application to DNR with certification of the efficiency improvements. Those who qualify for this credit may also apply for a one-time credit of the lesser of $250 or the costs of the services of a certified home energy rating technician. Owners of commercial buildings and residential structures of more than 3 stories are eligible for a credit of the lesser of $2,000 or 25% of the costs of improvements in heating, cooling, lighting, insulation, or other systems that increase the energy efficiency of an existing structure by at least 25%, as determined by a nationally recognized energy analysis process, or, for a new structure, exceed the requirements of the latest applicable building energy code by at least 30%, as determined by a licensed professional architect or engineer. To claim this credit, owners must submit an application to DNR with verification of the efficiency improvements. Those who qualify for this credit may also apply for a one-time credit of the lesser of $50,000 or 10% of the costs of a technical energy study by an architect or engineer. The proposal also requires electric service companies to provide two-directional net energy metering to customers with electric generating systems that are powered by renewable energy sources and capable of producing no more than 100 kilowatts. A standard net metering contract must be approved by the Public Service Commission and allow customers to feed excess electricity back into the power grid to offset consumption costs over an annual substituting period. Net metering will be provided on a first-come, first-served basis until statewide capacity equals the lesser of 10,000 kilowatts or 10% of the state's peak electricity demand. By January 1, 2006, the commission, in consultation with DNR, must submit a progress report to the General Assembly and the Governor and offer recommendations on increasing the amount of allowable net metering. All renewable energy equipment tax credits will become effective January 1, 2001; and (5) For tax years 2000 to 2004, the proposal establishes an income tax credit of the lesser of $9,000 or 30% of the cost of purchasing or leasing an alternative fuel vehicle. To be eligible, leases must be for a term of at least 3 years. The credit is non-refundable and may be carried forward for up to 5 years if the taxpayer maintains registration of the vehicle. Eligible vehicles are those powered by electricity or those powered by electricity and gasoline with fuel economy greater than 60 miles per gallon. The proposal also establishes a tax credit of the lesser of $20,000 or 25% of the cost of constructing a vehicle charging facility open to the public. This credit may be carried forward for 7 years if the

DESCRIPTION
(Continued)

taxpayer maintains operation of the facility. Alternative fuel vehicles must be registered and titled, and manufacturers are required to provide information on purchase incentives and certification that the vehicle meets alternative fuel capability requirements. The proposal also bans electric vehicles not capable of speeds over 25 miles per hour from roads with speed limits of more than 35 miles per hour.

GENERAL TAXATION PROVISIONS

The proposal:
(1) Clarifies the existing burden of proof statutes relating to taxation by including the requirements in conflicting statutes; and (2) Prohibits the state or any county from entering into a contract or arrangement for the examination of a taxpayer's books and records if the compensation for the service is contingent upon or otherwise related to the amount of tax, interest, court cost, or penalty assessed or collected from the taxpayer.

COMMUNITY COMEBACK ACT
The proposal establishes the Community Comeback Act. In its main provisions, the act:

(1) Authorizes the establishment of a community comeback trust for St. Louis County, whose primary duties include the prevention of neighborhood decline, demolition of abandoned buildings, cleaning of polluted sites, and the promotion of neighborhood reinvestment;
(2) Provides that the county executive is to appoint the 7 members of the community trust board from a list of nominees supplied by any member of the St. Louis County Council and the chief elected officer of any municipality wholly within St. Louis County. The criteria for and terms of board membership are outlined; (3) Gives exclusive control of the expenditure of moneys collected to the credit of the trust, subject to annual appropriation by the county council, to the trust board and limits the administrative costs of the trust to no more than 5% of the trust's annual budget; (4) Requires the county government to provide trust staff; (5) Authorizes the trust to issue and refund bonds, notes, or other obligations for any proposal and to receive and liquidate property; the trust is not, however, authorized to use the power of eminent domain. Bonds issued by the trust are exempt from state income taxes; (6) Requires the trust board to notify all municipalities within St. Louis County and the county council of the requirement to conduct a planning process and adopt a community comeback plan; (7) Requires the board to hold public hearings and to solicit input from the county and municipalities regarding the development of the community comeback plan. The board and the county council are to annually revise and adopt a

DESCRIPTION
(Continued)

plan; (8) Requires each plan to include a housing stock and market analysis of the impediments to attracting home buyers. In addition, each plan is to address the factors related to the occurrence of assessed values below the county average, median household incomes below the county median, unemployment rates above the county average, building vacancies, and lack of home value growth; (9) Requires each plan to outline the specific strategies to address the specific problems encountered in various regions and neighborhoods in the county; (10) Requires the board to produce an annual report outlining what has been accomplished in relation to the goals outlined in the community comeback plan; (11) Requires the board to commission an annual financial audit and an independent management audit every 5 years; (12) Requires the board to establish an 11-member advisory committee, with members appointed by the county executive. The qualifications and length of terms of committee members are outlined. The advisory committee is charged with advising the board, board staff, or petitioners who include the governing body of any municipality or St. Louis County, any land clearance for redevelopment authority in St. Louis County, or any not-for-profit organization; (13) Authorizes the board to begin accepting petitions for funding from the trust one month after the community comeback plan is adopted. The criteria which must be addressed in a petition are outlined and include addressing how the reinvestment needs of a neighborhood will be met by reducing or removing impediments to home buyers; providing physical infrastructure to promote job growth; or reducing or removing threats to public health, safety, morals, or welfare; (14) Authorizes the board to award funding to a petitioner if the petitioner's proposal involves an eligible project with eligible expenses and is well planned, realistic, creative, resourceful, cost-effective, and benefits the local community; (15) Requires the board to establish a Select Neighborhood Action Program (SNAP), which provides neighborhood improvement grants requiring a 10% cash or in-kind match from applicants. SNAP grants may only be made for projects capable of being completed within 12 months, which do not duplicate existing programs, do not require ongoing funding or services, and do not conflict with the community comeback plan; (16) Outlines the categories for eligible SNAP grants, including neighborhood beautification projects, neighborhood organization or capacity projects, neighborhood-school partnership projects, capital purchase projects which include the acquisition of equipment or property, and neighborhood local infrastructure improvements; (17) Allocates a minimum of 5% of trust funds, not to exceed $500,000, for SNAP grants; (18) Authorizes one-half of the county use tax (if imposition of the use tax is approved by voters as required in current law) to be used for funding the community comeback trust; (19) Changes the ballot language for submitting the use tax for voter approval, so that a description of the purposes for which the use tax will be used is included on the ballot; (20) Authorizes the use tax to be described as the

DESCRIPTION
(Continued)

equivalent of a sales tax on purchases made from out-of-state sellers by in-state buyers and on certain intra business taxable transactions; and (21) Adds St. Louis County to the definition of "city" for the purpose of qualifying for Chapter 353, RSMo urban redevelopment assistance.

The Community Comeback Act provisions are subject to an emergency clause.

COMMUNITY IMPROVEMENT DISTRICT ACT

This proposal:

Makes several changes to the Community Improvement District Act. Community Improvement Districts (CIDs) create a special benefit district to allow districts to assess and tax themselves for community improvement and services. The changes include changing the definition of "Qualified Voters"to include owners of one or more parcels of real property which is to be subject to real property taxes if the district is located in a city not within a county. The proposal also contains other clarifying language regarding elections for approval of business license taxes or sales taxes. This part of the proposal also allows any district, by resolution, to impose a district sales tax on all retail sales at a rate of one-eight of one percent, one-fourth of one percent, three-eighths of one percent, one-half of one percent, or one percent. This sales tax is subject to voter approval and ballot language is included. This proposal also repeals the minimum wage requirement for the CIDs.

This bill allows the governing body of Kirksville to impose, subject to voter approval, a sales tax on retail sales for the purpose of funding local economic development projects. The sales tax may be approved at the rate of one-quarter of 1%, one-half of 1%, three-quarters of 1%, or 1% of the receipts from taxable retail sales within the city. Revenue collected from the sales tax, less 1% for the costs of collection, is to be deposited by the Director of Revenue into the Local Economic Development Sales Tax Fund. The tax will terminate as approved by the voters.

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
Department of Public Safety
Office of Administration
Department of Health
State Tax Commission
Office of Secretary of State
Department of Insurance
Attorney General's Office
State Auditor's Office
Department of Economic Development
Department of Natural Resources
State Treasurer's Office
City of Branson
City of Kirksville
St. Louis County
Kansas City Manager's Office

Jeanne Jarrett, CPA
Director
April 25, 2000