

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1849-02  
Bill No.: HCS for SB 460  
Subject: Revenue Dept.; Taxation and Revenue - Sales and Use  
Type: Original  
Date: April 27, 2001

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 4 pages.

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## FISCAL ANALYSIS

### ASSUMPTION

#### *Sales Tax Exemption for Bullion and Investment Coins*

Officials of the **Department of Revenue (DOR)** state this legislation is technical cleanup for SB 896, which was passed last year. This legislation revises the exemption for the sale of bullions and investment coins to allow for the exemption from all local sales taxes. DOR assumes there would be no revenue impact or administrative impact to the Department of Revenue because of this legislation.

DOR states that local sales/use tax are not currently being collected on bullion and investment coins.

In the fiscal note for SB 896, **Oversight** assumed, 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 assumed 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 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 Fiscal Year's 2002, 2003 and 2004 for coins and gold bullion are estimated to be \$800,721, \$840,757 and \$882,794 respectively. This would result in a loss in local sales tax revenue of \$9,008 in FY 2002 (9 months), \$12,611 in FY 2003 and \$13,242 in FY 2004. However, this loss was reflected in the fiscal note for SB 896 and a local sales and use tax exemption is already being applied to gold bullion and investment coins.

#### *Simplified Sales/Use Tax Agreement*

Officials of the **Department of Revenue (DOR)** state this portion of the legislation, as worded, would implement through the General Assembly the adoption of the Simplified Sales and Use Tax Administration Act which allows Missouri to continue in the Streamlined Sales Tax Project. DOR assumes this portion of the legislation would not fiscally impact their agency. Also, DOR assumes this language does not contain any conforming language or change any current law provisions, so it will have no revenue impact.

Officials of the **Office of Administration, Budget and Planning (BAP)** assume this portion of the bill has no fiscal impact to their agency and DOR is better suited to respond to this portion of the proposal.

ASSUMPTION (continued)

In a similar prior proposal, the **Office of the Governor** and the **Missouri Senate** assumed this portion of the proposal would have no direct fiscal impact on their agencies.

**Oversight** assumes, for purposes of this fiscal note, this portion of the proposal allows DOR to pursue the Streamlined Sales and Use Tax Agreement and make preparations for its implementation, which would not occur until the legislature takes further action to bring Missouri law into compliance with the agreement. Oversight assumes the revenue impact of this proposal would be zero.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (9 Mo.)	FY 2003	FY 2004
	\$0	\$0	\$0

<u>FISCAL IMPACT - Local Government</u>	FY 2002 (9 Mo.)	FY 2003	FY 2004
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

*Section 144.815 Sales/Use Tax Exemption for Gold Bullion and Investment Coins*

This act makes technical clarifications and corrections to the sales and use tax exemption for purchases of bullion and investment coins.

*Sections 144.1050 to 144.1068 Simplified Sales/Use Tax*

This bill creates the Simplified Sales and Use Tax Administration Act.

The act allows the State of Missouri to enter into the Streamlined Sales and Use Tax Agreement with one or more states to simplify the sales and use tax laws and brings the laws into general

DESCRIPTION (continued)

conformity among the agreeing states. The act also allows the state to continue negotiations with other states to determine the best approach for obtaining conformity.

The act allows the Department of Revenue to adopt administrative rules and procure goods and services in furtherance of the cooperative agreement. The act also provides for the development of certified service providers for the purpose of collecting and remitting sales and use tax on behalf of sales and use taxpayers.

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  
Office of Administration  
Division of Budget and Planning  
Office of the Governor  
Missouri Senate



Jeanne Jarrett, CPA  
Director  
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