

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2039-01
Bill No.: SB 620
Subject: Revenue Dept.; Taxation & Revenue - General, Sales and Use
Type: Original
Date: April 4, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Various State Funds	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

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

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0 to UNKNOWN	\$0 to UNKNOWN	\$0 to UNKNOWN

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Revenue (DOR)** state this legislation allows participation in the multi-state cooperative agreement for sales and use tax simplification. This legislation allows Missouri to continue in the Streamlined Sales Tax Project. This language does not contain any conforming language or change any current law provisions. There is no revenue impact and no administrative impact to the Department of Revenue.

In a similar proposal, officials of the **Office of Administration, Budget and Planning (BAP)** assumed this bill had no fiscal impact to their agency and DOR is better suited to respond to this proposal.

Officials of the **Office of the Secretary of State (SOS)** assume this bill creates the Simplified Sales and Use Tax Administration Act. DOR will promulgate rules to implement this bill. These rules will be published in both the *Missouri Register* and the *Code of State Regulations*. Based on experience with other divisions, the rules, regulations and forms issued by DOR could require as many as 204 pages in the *Code of State Regulations*. For any given rule, roughly half again as many pages are published in the *Missouri Register* in the Code because cost statements, fiscal notes and the like are not repeated in the Code. These costs are estimated. The estimated cost of a page in the *Missouri Register* is \$23. The estimated cost of a page in the *Code of State Regulations* is \$27. The cost is estimated at \$12,546. The actual cost could be more or less than the numbers given. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded or withdrawn.

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 appropriations process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

The **Department of Highway and Transportation** officials assume this proposal would have no direct fiscal impact on their agency.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
TOTAL ESTIMATED NET EFFECT ON VARIOUS STATE FUNDS	\$0	\$0	\$0

<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

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

DESCRIPTION

This act authorizes the Director of the Department of Revenue to enter into a cooperative agreement with other states for simplification of the administration of state sales and use taxes. States which are members to the cooperative agreement shall establish standards for automated systems and multi-state sellers. While this act does not modify any existing state law regarding sales and use taxes, requirements of the cooperative agreement would mandate changes in the following areas of the law:

1. Simplifying sales and use tax rates;
2. Establishing uniform standards for sales and use tax returns and remittances;
3. Allowing for a centralized, electronic registration system, which allows a seller to register, collect and remit sales and use tax for all member states;
4. Restricting variances between state and local taxes;
5. Administering sales taxes such that sellers will not be subject to audits from local taxing jurisdictions;
6. Restricting the frequency of changes in local sales and use tax rates;
7. Establishing notice requirements for changes in rates and in the boundaries of local taxing jurisdictions;
8. Adopting a uniform policy for Certified Service Providers.

This act authorizes Certified Service Providers to contract with sellers to collect and remit sales and use taxes due to each member state. Sellers are not subject to audit on those transactions handled by the Certified Service Provider.

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
 Budget and Planning
Secretary of State
Department of Highway and Transportation



Jeanne Jarrett, CPA
Director

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