

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2505-02
Bill No.: SB 1138
Subject: Ambulance and Fire Districts: Sales Tax, Property Tax
Type: Original
Date: February 22, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
Total Estimated Net Effect on <u>All</u> State Funds	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
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** stated that in order to collect the additional sales tax the MITS system would need to create the district boundaries when they are different from municipality and/or county boundaries. The DOR would also report and distribute the tax collected to the district. The above program changes would require 692 hours of programming at a total cost of \$23,085. The State Data Center cost to implement the proposed legislation would be \$4,503. Total cost for FY 2003 would be \$27,588. If any county district would adopt the sales tax the DOR would retain a 1% collection fee, that would go into the State's General Revenue Fund. The amount collected in a given year is Unknown, and would depend upon the number of entities that would receive voter approval to impose a sales tax, and the amount of sales that would occur in a given area.

Oversight assumes should an ambulance or fire protection district receive voter approval to impose a sales tax the following would occur. According to Section 321.554.1, after the first year the sales tax would have been in effect, and after determining it's budget for the year, and making adjustments to the levy as required by law, the district board would be required to reduce the total operating levy of the district in an amount, that would decrease the revenue it would have received in an amount equal to fifty percent of the previous fiscal year's sales tax receipts. Since this proposal is permissive Oversight does not know if a sales tax would be adopted by any district, therefore, revenues cannot be determined and will be shown as \$0 to Unknown. Revenues would be used for operation of the district. Oversight will show income to the districts as \$0 to Unknown. Because the money is additional and is understood to be used for operation of the district, cost will not be shown. Income to the State's General Revenue Fund will be shown as \$0 to Unknown.

<u>FISCAL IMPACT - State Government</u>	FY 2003	FY 2004	FY 2005
	(10 Mo.)		

GENERAL REVENUE FUND

<u>Income</u> to DOR			
from 1% collection fee on sales tax	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

<u>Cost</u> to DOR			
from programming costs	<u>\$0 to (\$27,588)</u>	<u>\$0</u>	<u>\$0</u>

ESTIMATED NET EFFECT TO GENERAL REVENUE FUND	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
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FISCAL IMPACT state government (continued)

*** Oversight assumes that income from collection fees would be greater than programming costs.**

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
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**FIRE AND AMBULANCE
 DISTRICTS TRUST FUND**

<u>Income</u> to certain political Subdivisions from voter approved sales tax	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
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<u>Loss</u> to Certain Political Subdivisions reduction of property tax levy (Section 321.554)	<u>\$0*</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>
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ESTIMATED NET EFFECT TO FIRE OR AMBULANCE DISTRICT TRUST FUND **	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
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*** According to subdivision 2 of Section 321.554 the first year in which a sales tax is collected the tax rate would not be reduced as defined in Section 137.073, RSMo.**

**** Oversight assumes that income from the sales tax would be greater than the loss of income from the reduction of the property tax levy by 50% of the previous year's sales tax revenues.**

FISCAL IMPACT - Small Business

Small businesses located within the boundaries of an ambulance or fire protection district that would receive voter approval to impose a sales tax could expect to collect and pay the tax.

DESCRIPTION

This act allows the governing body of an ambulance or a fire protection district, except for those in counties of the first class with over 200,000 inhabitants, to impose an up to one-half of one percent sales tax on all retail sales within the district following voters' approval.

The Department of Revenue would collect and distribute the revenue from the district sales tax

DESCRIPTION (continued)

monthly at the cost of one percent of the total revenue collected. After collecting and distributing the sales tax, the board of the ambulance or fire protection district would determine its budget for the year and determine the amount of property tax necessary to fund the district. The district may then reduce the tax rate by an amount which reduces the property tax revenue by an amount equal to fifty percent of the previous fiscal year's sales tax receipts.

When the governing body of the ambulance or fire protection district receives a petition signed by at least twenty percent of the qualified voters that voted in the last gubernatorial election, calling for an election to repeal the sales tax, the governing body would submit the question to 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

NOT RESPONDING

The Fire Protection Districts of : Logan-Rogersville, Central Platte, Boone County, Holts Summit, St. Charles County, and the Ambulance Districts of : Newton County, St. Charles County, Vallee, Mid-Mo, and Taney County.



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