

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2765-01
Bill No.: SB 755
Subject: Business and Commerce; Education, Elementary and Secondary; Revenue Dept.;
 Taxation and Revenue - Sales and Use
Type: Original
Date: January 2, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	(Unknown)	(Unknown)	(Unknown)
School District Trust	(Unknown)	(Unknown)	(Unknown)
Conservation	(Unknown)	(Unknown)	(Unknown)
Parks and Soil	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>All</u> State Funds*	(UNKNOWN)	(UNKNOWN)	(UNKNOWN)

* Expected to exceed \$100,000 annually.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
None			
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	(UNKNOWN)	(UNKNOWN)	(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 as worded would provide an exemption for retailers who donate inventory to educational institutions. This legislation would not have an administrative impact on their agency.

In a similar prior proposal, officials from the **Office of Administration - Budget and Planning (BAP)** stated this proposal would provide a sales tax exemption for inventory donated to private or public schools. BAP has not been able to find any empirical basis to estimate the fiscal impact of this proposal.

The **Department of Higher Education (CBH)** officials assume this bill would have no fiscal impact on their agency. There could be a positive fiscal impact on institutions of higher education if this bill results in donations of goods to such institutions that would not have otherwise been made.

Officials of the **Department of Elementary and Secondary Education (DES)** assume the proposal will potentially decrease the state's general revenue fund by an unknown amount due to less sales tax collections.

Since **Oversight** does not possess data regarding the incidence of donated inventory to public or private education entities, revenue losses have been stated as unknown, expected to exceed \$100,000 annually to all affected funds.

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

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
<u>Loss</u> to State Funds for donated inventory:			
General Revenue Fund	(Unknown)	(Unknown)	(Unknown)
School District Trust Fund	(Unknown)	(Unknown)	(Unknown)
Conservation Sales Tax Fund	(Unknown)	(Unknown)	(Unknown)
Parks and Soil Sales Tax Fund	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON ALL FUNDS*	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
*Expected to exceed \$100,000 annually			
<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
<u>Loss to Political Subdivisions</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

**ESTIMATED NET EFFECT ON
LOCAL POLITICAL SUBDIVISIONS** (UNKNOWN) (UNKNOWN) (UNKNOWN)

FISCAL IMPACT - Small Business

Private not-for-profit elementary and secondary schools, as well as approved private institutions may see an increase in donations of inventory by retailers. Small businesses operating as retailers would be exempt from sales tax on inventory donated to entities defined in this bill.

DESCRIPTION

The act provides a sales tax exemption for retailers who donate inventory to private or public elementary or secondary schools and approved private or public institutions of higher learning.

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
Department of Higher Education
Department of Elementary and Secondary Education



Jeanne Jarrett, CPA
Director
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