

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1974-01
Bill No.: SB 691
Subject: Taxation and Revenue - Sales and Use Tax
Type: Original
Date: March 19, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General Revenue	Unknown to (\$40,236)	Unknown to (\$44,627)	Unknown to (\$45,745)
Total Estimated Net Effect on General Revenue Fund	UNKNOWN to (\$40,236)	UNKNOWN to (\$44,627)	UNKNOWN to (\$45,745)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Various State Funds	Unknown	Unknown	Unknown
Total Estimated Net Effect on Other State Funds	UNKNOWN	UNKNOWN	UNKNOWN

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	UNKNOWN	UNKNOWN	UNKNOWN

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Office of Administration, Division of Purchasing (DPMM)** assume this bill would apply to all contracts awarded by the DPMM. To ensure that all the additional requirements are met, DPMM would need one additional FTE – a Buyer III position.

Oversight has, for fiscal note purposes only, changed the starting salary for the Buyer III position to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

Officials of the **Department of Transportation (MoDOT)** assume this legislation requires every vendor or affiliate of a vendor seeking to contract to provide goods and services to the State of Missouri to collect and pay all sales and use taxes. The proposal authorizes the Department of Revenue to disclose such information to the Commissioner of Administration. There is no fiscal impact to MoDOT.

Department of Conservation (MDC) officials state this proposal requires sales and use tax compliance from vendors selling to the state. This proposal would not appear to have significant fiscal impact on the MDC.

ASSUMPTION (continued)

Officials of the **Department of Revenue (DOR)** did not respond to our fiscal note request. However, in response to HB 600, DOR stated this legislation requires every vendor or affiliate of a vendor seeking to contract to provide goods and services to the State of Missouri to collect and properly pay all sales and use taxes. For several years, DOR has provided lists to the Office of Administration of noncompliant vendors. Therefore, this will have no additional impact to DOR.

DOR anticipates an UNKNOWN increase in revenues from this legislation.

This legislation will increase Total State Revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
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GENERAL REVENUE FUND

Income - General Revenue

Increase in tax compliance from tax clearances	Unknown	Unknown	Unknown
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Cost - Office of Administration

Personal Service (1 FTE)	(\$25,650)	(\$31,550)	(\$32,339)
Fringe Benefits	(\$10,381)	(\$12,768)	(\$13,088)
Expense and Equipment	<u>(\$4,205)</u>	<u>(\$309)</u>	<u>(\$318)</u>
Total Cost - COA	<u>(\$40,236)</u>	<u>(\$44,627)</u>	<u>(\$45,745)</u>

ESTIMATED NET EFFECT ON GENERAL REVENUE FUNDS	<u>UNKNOWN to</u> <u>(\$40,236)</u>	<u>UNKNOWN to</u> <u>(\$44,627)</u>	<u>UNKNOWN to</u> <u>(\$45,745)</u>
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VARIOUS STATE FUNDS

Income - Various State Funds

Increase in tax compliance	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
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ESTIMATED NET EFFECT ON VARIOUS STATE FUNDS	<u>UNKNOWN</u>	<u>UNKNOWN</u>	<u>UNKNOWN</u>
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FISCAL IMPACT - Local Government

FY 2004
(10 Mo.)

FY 2005

FY 2006

Income - Cities/Counties

Increase in tax compliance

Unknown

Unknown

Unknown

**ESTIMATED NET EFFECT ON
LOCAL FUNDS**

UNKNOWN

UNKNOWN

UNKNOWN

FISCAL IMPACT - Small Business

Small businesses not in compliance with Missouri tax law could be impacted as a result of this proposal.

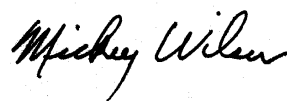
DESCRIPTION

This proposal requires every vendor or affiliate of a vendor seeking to contract to provide goods and services to the State of Missouri to collect and pay all sales and use taxes. The proposal authorizes the Department of Revenue to disclose such information to the Commissioner of Administration.

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

Office of Administration
Division of Purchasing
Department of Transportation
Missouri Department of Conservation
Department of Revenue



L.R. No. 1974-01
Bill No. SB 691
Page 5 of 5
March 19, 2003

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MARCH 19, 2003**