

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6124-04
Bill No.: HCS for SCS for SB 896
Subject: Counties; Motels and Hotels; Taxation and Revenue - General; County Government; Crimes and Punishment
Type: Original
Date: May 5, 2014

Bill Summary: This proposal modifies provisions relating to county governance.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	\$0 or Up to \$32,500	\$0 or Up to \$32,500	\$0 or Up to \$32,500
Total Estimated Net Effect on General Revenue Fund	\$0 or Up to \$32,500	\$0 or Up to \$32,500	\$0 or Up to \$32,500

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 10 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on FTE	0	0	0

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Local Government	\$0 or Up to \$3,250,000	\$0 or Up to \$3,250,000	\$0 or Up to \$3,250,000

FISCAL ANALYSIS

ASSUMPTION

§49.272 - Buchanan County Counselor to impose fines for certain violations

In response to similar legislation (HB 1348), §49.272 allows the County Commission in Buchanan County to impose by rules, regulations or ordinance a civil fine of up to \$1,000 for each violation of any county rule, regulation or ordinance. Oversight assumes the County Commission, if they adopted the provisions of this section, would realize income from the civil fines and would have cost from enforcement of the rules, regulation, or ordinances. For purposes of this fiscal note, **Oversight** assumes fiscal impact would be \$0. **Oversight** assumes income would cover the cost of enforcement and administration.

Section 67.585, RSMo. - Clay County Recreation and Community Center

This provision would authorize a 0.5 percent sales tax in Clay county through the creation of a recreational and community center district to be used for new and existing community centers.

Officials from **Clay County** did not respond to our request for information on similar language in HB 2192 LR 6017-03.

In response to similar legislation (SB 693), officials from the **Office of Administration - Division of Budget and Planning (BAP)** assumed this proposal would allow the Liberty School District to request voter approval for a 0.5-cent sales tax to fund the construction of a new community center. BAP officials noted the Department of Revenue (DOR) does not provide taxable sales data by school district, but stated most recent DOR report shows taxable sales for the City of Liberty were \$412.8 million in 2013. BAP officials estimated a 0.5-cent tax on those sales would generate \$2.1 million annually, but stated it is likely the boundaries of the school district differ from those of the City, and noted Total State Revenues would increase to the extent DOR retains a 1% collection fee on the additional sales tax revenues.

In response to similar legislation (SB 693), officials from the **University of Missouri - Economic and Policy Analysis Research Center (EPARC)** assumed similar language in HB 2192 LR 6017-03 would, if enacted, authorize a .5 percent sales tax in Clay County through the creation of a recreational and community center district to be used for new and existing community centers. This 0.5 percent sales tax could not be imposed unless it is approved by Clay County voters. Since the 0.5 percent sales could not be imposed until it is approved by the voters of Clay County, the initial enactment of this bill would have no impact. However, if Clay

ASSUMPTION (continued)

County voters approve the sales tax it is anticipated that it would generate the same amount of revenue as their current county sales tax which is also imposed at a rate of 0.5 percent.

EPARC officials stated their records indicate the Clay County sales tax, imposed at 0.5 percent, generated an average of \$14,525,039.78 in collections over the last three years. EPARC officials assumed the sales tax authorized in this bill would generate identical collections if approved by Clay County voters.

If the voters in the Clay County School District approve this proposed sales tax, the State of Missouri would retain 1% of revenues as a collection fee. Therefore, if the sales tax is approved by Clay County voters, the estimated impact on state revenues would be an increase of \$145,250 from the 1% collection fee.

In response to similar legislation (SB 693), officials from the **Department of Revenue (DOR)** assumed similar language in HB 2192 LR 6017-03 would require computer programming changes to the sales tax program, and provided an estimate of the IT cost of \$4,586 for 168 hours of programming to make changes to DOR systems.

Oversight assumes OA - ITSD (DOR) is provided with core funding to handle a certain amount of activity each year. Oversight assumes OA - ITSD (DOR) could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, OA - ITSD (DOR) could request funding through the appropriation process.

DOR officials did not include an estimate of administrative cost to implement this proposal, and **Oversight** assumes any administrative cost would be minimal and could be absorbed with existing resources.

Officials at the **City of Kansas City** may incur some costs associated with holding an election on the question of approving the recreation and community center sales tax. The amount of the election costs cannot be estimated at this time.

Oversight notes this proposal would allow a sales tax to be levied at no more than 0.5%, and assumes this proposal would limit the sales tax to the area included in the school district boundaries and not the full county. Therefore, Oversight is not able to determine what the actual tax rate would be if enacted by Clay County and approved by the voters in the school district or how much sales tax would be collected within the school district boundaries.

ASSUMPTION (continued)

Therefore, **Oversight** will show the impact as \$0 (sales tax not implemented) or up to the estimate provided by BAP. If the sales tax is enacted, the Department of Revenue would receive a 1% collection fee. Oversight will show the impact to General Revenue of \$0 (sales tax not implemented) up to the estimate provided by BAP.

§§67.587 and 67.1367 - Transient guest taxes in Perry County and sales tax in New Madrid County

Officials at the **Department of Economic Development's Division of Tourism** assume no fiscal impact from this proposal.

In response to a previous version, officials at the **State Tax Commission** and the **Department of Revenue** each assumed no fiscal impact to their respective agencies from this proposal.

In response to a previous version, officials at the **City of Perryville** assumed no fiscal impact from this proposal.

Officials at **Perry County** and **New Madrid County** did not respond to Oversight's request for fiscal impact.

Oversight assumes this proposal is permissive in nature and would have no local fiscal impact without action by the governing body and approval by the majority of voters. Oversight will reflect a \$0 impact to Local Political Subdivisions.

Legislation as a whole

Officials from the **Office of the Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a ASSUMPTION (continued)

ASSUMPTION (continued)

review of the finally approved bills signed by the governor.

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 appropriation process.

Officials at the **Office of the State Courts Administrator** assume this portion of the proposed legislation modifies provisions relating to Randolph County. There may be some impact but there is no way to quantify that currently. Any significant changes will be reflected in future budget requests.

Officials at the **Department of Elementary and Secondary Education** assume no fiscal impact from this proposal.

Oversight notes that the New Madrid County sales tax rate is 1.25% (source: Department of Revenue Local Sales Tax Rate Chart). The Department of Revenue distributed \$2,831,727 for FY 2013 (source: Missouri Department of Revenue Financial and Statistical Report: Fiscal Year ended June 30, 2013). A .5% tax would yield about \$1,150,000. Oversight will show the impact as \$0 (sales tax not implemented) or up to \$1,150,000. Oversight will show the impact to General Revenue of \$0 or up to \$11,500.

Officials at the **St. Louis County Board of Election Commission**, the **Platte County Board of Election Commission**, the **Mississippi County Recorder of Deeds**, the **City of Columbia** and **St. Louis County** assume no fiscal impact from this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
GENERAL REVENUE FUND			
<u>Additional Revenue</u> - Department of Revenue - 1% collection fee (\$67.585)	\$0 or Up to \$21,000	\$0 or Up to \$21,000	\$0 or Up to \$21,000
<u>Additional Revenue</u> - Department of Revenue - .5% collection fee (\$67.587)	\$0 or Up to <u>\$11,500</u>	\$0 or Up to <u>\$11,500</u>	\$0 or Up to <u>\$11,500</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	\$0 or Up to <u>\$32,500</u>	\$0 or Up to <u>\$32,500</u>	\$0 or Up to <u>\$32,500</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
LOCAL POLITICAL SUBDIVISIONS			
<u>Income</u> - Local Political Subdivisions - from civil fines (\$49.272)	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<u>Costs</u> - Local Political Subdivisions - enforcement and administration of violations of county ordinances, etc. (\$49.272)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Revenue</u> - New Madrid County - sales tax rate .5%	\$0 or Up to \$1,150,000	\$0 or Up to \$1,150,000	\$0 or Up to \$1,150,000
<u>Additional Revenue</u> -Clay County - recreation center sales and use tax (\$67.585)	\$0 or Up to <u>\$2,100,000</u>	\$0 or Up to <u>\$2,100,000</u>	\$0 or Up to <u>\$2,100,000</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	\$0 or Up to <u>\$3,250,000</u>	\$0 or Up to <u>\$3,250,000</u>	\$0 or Up to <u>\$3,250,000</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

§49.272

This bill adds Buchanan County to the list of counties authorized to impose, by rule, regulation, or ordinance a civil fine of up to \$1,000 for each violation of any county rule, regulation, or ordinance.

§67.585

The proposal would authorize, upon voter approval, the creation of a Recreational and Community Center District that includes only the area encompassed by the Liberty School District, and a sales tax not to exceed .5% on all retail sales made within the recreational and community center district for funding the construction, maintenance, operation, and purchase of equipment for community centers and other purposes of recreation and wellness as determined by the board.

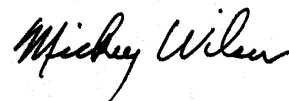
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development
 Division of Tourism
State Tax Commission
Department of Revenue
City of Perryville
Office of the Secretary of State
Office of Administration
 Budget and Planning
University of Missouri
 Economic and Policy Analysis Research Center
Office of the State Courts Administrator
Department of Elementary and Secondary Education
St. Louis County
St. Louis County Board of Election Commission
Platte County Board of Election Commission
Mississippi County Recorder of Deeds
City of Columbia
City of Kansas City

Not responding

Perry County
New Madrid County
Clay County
Buchanan County



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Director
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May 5, 2014

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