

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0790S.01I  
Bill No.: SB 175  
Subject: Taxation and Revenue - Sales and Use; Ambulances and Ambulance Districts;  
Fire Protection  
Type: Original  
Date: February 9, 2021

---

Bill Summary: The proposal authorizes certain fire protection districts and ambulance districts to propose an up to 1% sales tax.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
General Revenue*	\$0	\$0 or up to \$349,685	\$0 or up to \$699,371
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0 or up to \$349,685</b>	<b>\$0 or up to \$699,371</b>

\*This proposal increases the top sales tax rate that can be approved for ambulance districts and fire protection districts (from 0.5% to 1%) - this amount represents the 1% collection fee if every district that currently collects a sales tax gets voter approval to raise the sales tax rate to the new ceiling (1%).

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Local Government*</b>	<b>\$0</b>	<b>\$0 to Up to \$63,772,260</b>	<b>\$0 to Up to (Unknown)</b>

\*This proposal increases the top sales tax rate that can be approved for ambulance districts and fire protection districts (from 0.5% to 1%) - this amount represents the 1% collection fee if every district that currently collects a sales tax gets voter approval to raise the sales tax rate to the new ceiling (1%). The potential for a net negative impact for ambulance districts and/or fire protection districts would only be possible the year after the approval/implementation of the increased sales tax rate.

## FISCAL ANALYSIS

### ASSUMPTION

Officials from **Office of Administration – Budget & Planning (B&P)** assume DOR's retained collection fee will increase TSR because DOR will be able to collect its 1% administration fee for handling the collection of the tax. B&P defers to the ambulance and fire districts for the fiscal impact.

**Oversight notes** Officials from the B&P defer to the **Department of Revenue** for the potential fiscal impact of this proposal.

Officials from the **Department of Revenue (DOR)** assume the proposal would allow any governing body of an ambulance or fire protection district to impose a sales tax in an amount up to one percent on all retail sales made in such district. Currently the cap is at one-half of one percent. This proposal would not allow the districts in Cape Girardeau, Christian, Cole, Clay, Greene, Jackson, Jefferson, St. Charles County, and St. Louis City to increase their rates. In order to increase the sales tax the district would be required to hold an election and notify the Department of the increase. If the election were held in April 2022, then the tax would not be remitted until October 2022 (FY 2023).

Using information below, on the amount of sales tax collected, DOR calculated how much additional revenue would be raised by the districts if all raised their sales tax to the maximum of ½ of 1% allowed by this proposal.

#### **Maximum local tax collection if all jurisdiction add only ½ % of 1% tax**

<b>Percentages / Totals</b>	<b>Add-on 1/2% of 1% Collections</b>	<b>DOR Fee</b>	<b>Current District Collections</b>	<b>Net Difference (Increase)</b>
<b>0.0025</b>	\$11,679,885	\$116,799	\$3,893,295	\$7,669,791
<b>0.00375</b>	\$7,141,211	\$71,412	\$3,060,519	\$4,009,280
<b>0.0045</b>	\$0	\$0	\$0	\$0
<b>0.005</b>	\$106,312,630	\$1,063,126	\$53,156,315	\$52,093,189
<b>Totals</b>	<b>\$125,133,726</b>	<b>\$1,251,337</b>	<b>\$60,110,129</b>	<b>\$63,772,260</b>

PoliticalSubdivision	Amount Collected	0.005	0.0025	0.00375	0.0045
ADAIR COUNTY AMBULANCE DISTRICT	\$1,248,031			\$1,248,031	
ANDREW COUNTY AMBULANCE DISTRICT	\$499,348	\$499,348			
AUDRAIN AMBULANCE DISTRICT	\$1,018,411	\$1,018,411			
VAN-FAR AMBULANCE DISTRICT	\$129,079	\$129,079			
BARRY LAWRENCE COUNTY AMBULANCE DISTRICT	\$1,047,235	\$1,047,235			
SOUTH BARRY COUNTY AMBULANCE DISTRICT	\$880,150	\$880,150			
BARTON COUNTY AMBULANCE DISTRICT	\$557,045	\$557,045			
COLE CAMP AMBULANCE DISTRICT	\$117,009	\$117,009			
WARSAW-LINCOLN AMBULANCE DISTRICT	\$750,881	\$750,881			
CALDWELL COUNTY AMBULANCE DISTRICT	\$270,725	\$270,725			
CALLAWAY COUNTY AMBULANCE DISTRICT	\$1,920,900	\$1,920,900			
CAM-MO AMBULANCE DISTRICT	\$845,751	\$845,751			
CAMERON AMBULANCE DISTRICT	\$657,595	\$657,595			
PLEASANT HILL FIRE PROTECTION DISTRICT	\$411,916	\$411,916			
ROCK COMMUNITY FIRE PROTECTION DISTRICT	\$3,799,201	\$3,799,201			
SCOTLAND COUNTY AMBULANCE DISTRICT	\$18,509	\$18,509			
CEDAR COUNTY AMBULANCE DISTRICT	\$504,574	\$504,574			
CLARK COUNTY AMBULANCE DISTRICT	\$323,082	\$323,082			
TRI-COUNTY AMBULANCE DISTRICT	\$355,572	\$355,572			
COOPER COUNTY AMBULANCE DISTRICT	\$452,953		\$452,953		
BOURBON FIRE PROTECTION DISTRICT	\$152,692	\$152,692			
NORTH CRAWFORD COUNTY AMBULANCE DISTRICT	\$768,002	\$768,002			
STEELVILLE AMBULANCE DISTRICT	\$220,349	\$220,349			
DADE COUNTY AMBULANCE DISTRICT	\$246,194	\$246,194			
AVA AMBULANCE DISTRICT	\$469,860	\$469,860			
GERALD AREA AMBULANCE DISTRICT	\$197,674	\$197,674			
MERAMEC AMBULANCE DISTRICT	\$895,096	\$895,096			
NEW HAVEN AMBULANCE DISTRICT	\$183,096	\$183,096			
ST CLAIR AMBULANCE DISTRICT	\$442,373	\$442,373			
UNION AMBULANCE DISTRICT	\$1,173,991	\$1,173,991			
UNION FIRE PROTECTION DISTRICT	\$1,150,729	\$1,150,729			
WASHINGTON AREA AMBULANCE DISTRICT	\$1,812,488			\$1,812,488	
HERMANN AREA AMBULANCE DISTRICT	\$402,627	\$402,627			
OWENSVILLE AREA AMBULANCE DISTRICT	\$437,415	\$437,415			
NOEL T ADAMS AMBULANCE DISTRICT	\$494,002	\$494,002			
SNI VALLEY FIRE PROTECTION DISTRICT	\$643,108	\$643,108			
SOUTH HOWELL COUNTY AMBULANCE DISTRICT	\$1,671,532	\$1,671,532			
IRON COUNTY AMBULANCE DISTRICT	\$437,914	\$437,914			
LEWIS COUNTY AMBULANCE DISTRICT	\$315,742	\$315,742			
LINCOLN COUNTY AMBULANCE DISTRICT	\$2,869,475	\$2,869,475			
LINN COUNTY AMBULANCE DISTRICT	\$586,982	\$586,982			
MARIES-OSAGE AMBULANCE DISTRICT	\$185,197	\$185,197			
MARION COUNTY AMBULANCE DISTRICT	\$2,179,058	\$2,179,058			
MONROE CITY AMBULANCE DISTRICT	\$229,170	\$229,170			
MILLER COUNTY AMBULANCE DISTRICT	\$1,481,177	\$1,481,177			
MID-MO AMBULANCE DISTRICT	\$1,620,557	\$1,620,557			
NEW MADRID COUNTY AMBULANCE DISTRICT	\$1,440,696	\$1,440,696			
NODAWAY COUNTY AMBULANCE DISTRICT	\$1,216,063	\$1,216,063			
OREGON COUNTY AMBULANCE DISTRICT	\$432,796	\$432,796			
OSAGE AMBULANCE DISTRICT	\$366,641	\$366,641			
OZARK COUNTY AMBULANCE DISTRICT	\$316,503	\$316,503			
PETTIS COUNTY AMBULANCE DISTRICT	\$2,920,539	\$2,920,539			
SAINT JAMES AMBULANCE DISTRICT	\$344,092	\$344,092			
PULASKI COUNTY AMBULANCE DISTRICT	\$1,845,399	\$1,845,399			
RANDOLPH COUNTY AMBULANCE DISTRICT	\$1,497,409	\$1,497,409			
NORTH SCOTT COUNTY AMBULANCE DISTRICT	\$46,103	\$46,103			
RAY COUNTY AMBULANCE DISTRICT	\$750,864	\$750,864			
SOUTH METROPOLITAN FIRE PROTECTION DISTRICT	\$1,577,375	\$1,577,375			
REYNOLDS COUNTY AMBULANCE DISTRICT	\$293,218	\$293,218			
SALT RIVER AMBULANCE DISTRICT	\$208,434	\$208,434			
ST CLAIR FIRE PROTECTION DISTRICT	\$443,775	\$443,775			
ST FRANCOIS COUNTY AMBULANCE DISTRICT	\$4,093,619	\$4,093,619			
STE GENEVIEVE COUNTY AMBULANCE DISTRICT	\$856,699	\$856,699			
ORRICK FIRE PROTECTION DISTRICT	\$43,940	\$43,940			
RIPLEY COUNTY AMBULANCE DISTRICT	\$22,495	\$22,495			
TANEY COUNTY AMBULANCE DISTRICT	\$3,440,342		\$3,440,342		
WASHINGTON COUNTY AMBULANCE DISTRICT	\$878,660	\$878,660			
<b>Total of all districts</b>	<b>\$60,110,129</b>	<b>\$53,156,315</b>	<b>\$3,893,295</b>	<b>\$3,060,519</b>	<b>\$0</b>

**DOR Fee at 1%**

<b>Percentages / Totals</b>	<b>Current District Collections</b>	<b>Total DOR 1% Currently collected</b>	<b>DOR 1% Collection Fees under the proposal where all Locals will collect maximum of 1%</b>	<b>Difference</b>
<b>0.0025</b>	\$3,893,295	\$38,933	\$155,732	\$116,799
<b>0.00375</b>	\$3,060,519	\$30,605	\$81,614	\$51,009
<b>0.0045</b>	\$0	\$0	\$0	\$0
<b>0.005</b>	\$53,156,315	\$531,563	\$1,063,126	\$531,563
<b>Totals</b>	<b>\$60,110,129</b>	<b>\$601,101</b>	<b>\$1,300,472</b>	<b>\$699,371</b>

**Oversight** notes currently there are 78 districts that collect a sales tax (60 ambulance districts and 18 fire protection districts). For FY 2019, the distribution of sales tax revenue to the 60 ambulance districts totaled \$58 million, while the distribution to the 18 fire protection districts totaled \$19.7 million. Assuming most of these are collecting .5% sales tax, the potential to double the sales tax rate (depending upon voter approval) would total \$77.7 million (\$58 m + \$19.7 m), which is similar to the estimates provided by DOR taking in account that some jurisdictions are excluded from the calculation.

Additionally, 321.552.3. Denotes “the fire protection district “*shall lower the level of its tax rate by an amount which reduces property tax revenues by an amount equal to fifty percent of the amount of sales tax collected in the preceding year.*” Oversight provides example of such a reduction on next page:

**Oversight** shows the reduction of the property tax reduction consequence below:

<b>Up to 1% revenue</b>		<b>Increase by less than 1%</b>	
New Proposal add up to 1%	\$1,000	New Proposal .825%	\$825
Current Collection .5%	(\$500)	Current Collection .5%	\$500
<b>Difference (gain)</b>	<b><u>\$500</u></b>	<b>Difference (gain)</b>	<b><u>\$325</u></b>
Next year property reduction of the amount that the sales tax were increased (1/2 of \$1000)	(\$500)	Next year property reduction of the amount that the sales tax were increased (1/2 of \$825)	(\$412.50)
Net Gain (revenues) for Locals following year	<b>\$0</b>	Net loss (revenues) for Locals following year	<b>(\$87.50)</b>

**Oversight** notes that increase in sales tax coupled with decrease off property tax in the preceding year could potentially negate any gains for the fire districts or, unless the jurisdictions implement the full 1% increase available to them, it could lead to further loss of revenue in proceeding years. Therefore, Oversight will note 1% gain in GR and Local Governments due to the gain in first year of the implementation and \$0 (gain of revenues for localities who choose to increase the sales tax up to 1%) to (Unknown) (loss of revenues for localities who choose to increase the sales tax to less than 1%) impact on the fiscal note in future years.

Officials from the **Saint Clair Protection District (STCL)** assume the proposal will have fiscal impact on their respective organization.

**Oversight** notes that the STCL have stated the proposal would have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect the DOR's estimates for the Local Governments on the fiscal note.

Officials from the **Department of Natural Resources (DNR), City of Kansas City - BEC, Platte County – SOS, Saint Louis County – LEA, Newark Rural Fire Protection District – Knox, Crawford County 911 Board, and Nodaway County Ambulance District** each assume the proposal would not have any fiscal impact on their respective organizations.

**Oversight** only reflects the responses that we have received from state agencies and political subdivisions; however, other cities, counties, and political subdivisions were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
<b>GENERAL REVENUE</b>			
<u>Revenue</u> - DOR 1% collection fee (p.5)	<u>\$0</u>	\$0 or Up to <u>\$349,685</u>	\$0 or Up to <u>\$699,371</u>
<b>ESTIMATED NET EFFECT TO GENERAL REVENUE FUND</b>	<u>\$0</u>	\$0 or Up to <u>\$349,685</u>	\$0 or Up to <u>\$699,371</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Revenue &amp; Loss</u> - Sales Tax Disbursement to Fire Protection Districts and/or Ambulance Districts (p. 3,5,7)	<u>\$0</u>	\$0 or Up To <u>\$63,772,260</u>	\$0 or Up to <u>(Unknown)</u>
<b>ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS</b>	<u>\$0</u>	\$0 or Up To <u>\$63,772,260</u>	\$0 or Up to <u>(Unknown)</u>

FISCAL IMPACT – Small Business

Small businesses in the districts where the tax is increased will be negatively impacted by paying the higher tax.

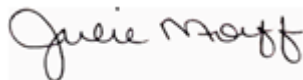
FISCAL DESCRIPTION

Current law authorizes ambulance and fire protection districts in certain counties to propose a sales tax at a rate of up to 0.5%. This act allows such districts to propose a sales tax of up to 1.0%.

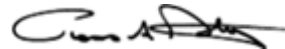
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration – Budget & Planning (B&P)  
Department of Revenue  
Department of Natural Resources (DNR)  
City of Kansas City – BEC  
Platte County – SOS  
Saint Louis County – LEA  
Newark Rural Fire Protection District – Knox  
Crawford County 911 Board  
Nodaway County Ambulance District  
Saint Clair Protection District (STCL)



Julie Morff  
Director  
February 9, 2021



Ross Strobe  
Assistant Director  
February 9, 2021