

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0501-01  
Bill No.: HB 190  
Subject: Business and Commerce; Revenue Dept.; Taxation and Revenue – General;  
Taxation and Revenue – Sales and Use  
Type: Original  
Date: January 31, 2005

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
General Revenue	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Unknown)*</b>	<b>(Unknown)*</b>	<b>(Unknown)*</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
Various State Funds	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(Unknown)*</b>	<b>(Unknown)*</b>	<b>(Unknown)*</b>

\* – Estimated, in aggregate, to exceed \$100,000.  
Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 4 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</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 LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>Local Government</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials the **Department of Revenue (DOR)** assume that this proposal expands the sales tax exemptions for manufacturing plants by allowing a broadened description of the exemption. DOR assumes this proposal would have little administrative impact on its operations, but also assumes this legislation would result in an unknown decrease in state revenues.

**Oversight** assumes this proposal would reduced state and local sales tax revenues by an unknown amount. **Oversight** further assumes that with a significant manufacturing presence within the state, the loss to state revenues as a result of this proposal would exceed \$100,000.

<b><u>FISCAL IMPACT - State Government</u></b>	<b>FY 2006</b> (10 Mo.)	<b>FY 2007</b>	<b>FY 2008</b>
<b>GENERAL REVENUE FUND</b>			
<b><u>Loss</u> – Sales Tax Exemption</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(Unknown)*</u></b>	<b><u>(Unknown)*</u></b>	<b><u>(Unknown)*</u></b>

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
<b>OTHER STATE FUNDS</b>			
<u>Loss</u> – Various State Funds			
Sales Tax Exemption	(Unknown)	(Unknown)	(Unknown)
<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>	<b><u>(Unknown)*</u></b>	<b><u>(Unknown)*</u></b>	<b><u>(Unknown)*</u></b>

\* – Estimated, in aggregate, to exceed \$100,000.

<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
<u>Loss</u> – Cities and Counties			
Sales Tax Exemption	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>

#### FISCAL IMPACT - Small Business

This proposal would reduce the sales tax burden on small businesses engaged in or associated with manufacturing and material recovery.

#### DESCRIPTION

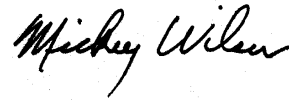
This legislation clarifies sales and use tax exemption eligibility for manufacturing and material recovery plants.

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

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SOURCES OF INFORMATION

Department of Revenue

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large, prominent initial "M".

Mickey Wilson, CPA  
Director  
January 31, 2005