

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0844-01
Bill No.: HB 364
Subject: Housing; Manufactured Housing; Revenue Dept.; Taxation and Revenue – Sales and Use
Type: Original
Date: March 1, 2005

FISCAL SUMMARY

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

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

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

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2006 | FY 2007 | FY 2008 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|------------------|------------------|------------------|
| FUND AFFECTED | FY 2006 | FY 2007 | FY 2008 |
| Local Government | (Unknown) | (Unknown) | (Unknown) |

FISCAL ANALYSIS

ASSUMPTION

Officials with the **Department of Revenue (DOR)** assume this legislation would create a slight decrease in state revenues, but that the act would have no fiscal impact on DOR.

Officials with **Boone County** assume their government would see a decrease in sales tax revenue as a result of this proposal.

Officials with the **Office of Administration – Division of Budget and Planning (BAP)**, in response to an identical proposal from the current legislation session (FN #1182-01/SB245), assume this proposal exempts modular home from sales tax by classifying a portion of the sales price and freight charges as a service. BAP further assumes that it classifies manufacturers of modular homes as contractors. BAP assumes this legislation would have a unknown negative impact on General Revenue from the exemption of sales tax monies, but that it would have no fiscal impact on their agency.

Officials with **Jasper County and the City of Columbia**, in response to an identical proposal from the current legislation session (FN #1182-01/SB245), assume their governments would see a decrease in sales tax revenues as a result of this proposal.

ASSUMPTION (continued)

Officials with the **City on Independence and the City of Springfield**, in response to an identical proposal from the current legislation session (FN #1182-01/SB245), assume this legislation would have no significant fiscal impact on their governmental bodies.

Oversight does not have sufficient data related to sales of new modular housing units in Missouri as defined in Section 700.010, RSMo, therefore **Oversight** assumes an unknown loss of states revenues (expected to exceed \$100,000) and an unknown loss of local revenues as a result of this act.

| <u>FISCAL IMPACT - State Government</u> | FY 2006 (10 Mo.) | FY 2007 | FY 2008 |
|--|--------------------------|--------------------------|--------------------------|
| GENERAL REVENUE FUND | | | |
| <u>Loss</u> – Sales Tax Exemption | (Unknown) | (Unknown) | (Unknown) |
| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | <u>(Unknown)*</u> | <u>(Unknown)*</u> | <u>(Unknown)*</u> |
| OTHER STATE FUNDS | | | |
| <u>Loss</u> – Various State Funds Sales Tax Exemption | (Unknown) | (Unknown) | (Unknown) |
| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | <u>(Unknown)*</u> | <u>(Unknown)*</u> | <u>(Unknown)*</u> |
| * – Estimated, in aggregate, to exceed \$100,000 | | | |
| <u>FISCAL IMPACT - Local Government</u> | FY 2006 (10 Mo.) | FY 2007 | FY 2008 |
| Loss – Cities and Counties Sales Tax Exemption | <u>(Unknown)</u> | <u>(Unknown)</u> | <u>(Unknown)</u> |

FISCAL IMPACT - Small Business

Small businesses that construct or sell modular units could possibly see an increase in consumer demand for the product as a result of this tax exemption.

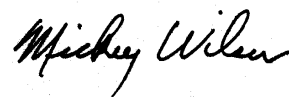
DESCRIPTION

This legislation classifies 40% of a modular unit manufacturer's invoice plus any carrier charge and freight charges as the sale of a service and not the sale of tangible personal property. The manufacturer of modular units shall be considered a contractor, and the tax rate shall be computed on the use tax rate at the location where the modular unit is being placed.

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 Budget and Planning
Department of Revenue
Boone County
Jasper County
City of Columbia
City of Independence
City of Springfield



Mickey Wilson, CPA
Director
March 1, 2005