

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4781-01
Bill No.: HB 1692
Subject: Entertainment, Sports and Amusements; Revenue Department; Taxation and Revenue.
Type: Original
Date: March 7, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
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 2007	FY 2008	FY 2009
Various State Funds	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown)	(Unknown)	(Unknown)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration - Budget and Planning (BAP)** state the proposal would provide a local sales tax exemption for coin operated vending machines and amusement devices. BAP states the bill will have no impact on their agency, but will result in an unknown reduction in General Revenue, in as far as Prop C sales tax distributed to schools is reduced. The Department of Revenue should provide an estimate of the impact of the sales tax exemption.

Officials from the **Department of Revenue** state the proposal has no administrative impact to their agency. However, the bill may have an unknown, substantial, loss of general revenue.

Officials from the **Missouri Lottery Commission** assume the proposal will not fiscally impact their agency.

Based upon responses from Budget and Planning and the Department of Revenue, **Oversight** will assume the proposal will result in an unknown loss of sales tax revenue to the state and to local political subdivisions.

This proposal could reduce Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
GENERAL REVENUE			
<u>Loss</u> – Sales Tax Exemption	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
OTHER STATE FUNDS			
<u>Loss</u> – School District Trust Fund Sales Tax Exemption	(Unknown)	(Unknown)	(Unknown)
<u>Loss</u> – Conservation Fund Sales Tax Exemption	(Unknown)	(Unknown)	(Unknown)
<u>Loss</u> – Parks and Soil Fund Sales Tax Exemption	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON OTHER STATE FUNDS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
<u>Loss</u> – Local Sales Tax Revenues Sales Tax Exemption	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

FISCAL IMPACT - Small Business

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

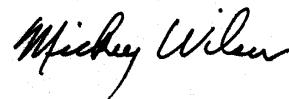
DESCRIPTION

Currently, amusement devices and parts for amusement devices are exempt from state and local sales tax if sales tax is paid on the gross receipts derived from the use of the devices. Beginning September 1, 2006, this bill exempts amounts paid for the temporary use of coin-operated amusement devices from state and local sales tax and removes the exemption for the purchase of the amusement devices and parts for the amusement devices. Coin-operated amusement devices include video games, pinball games, table games, and redemption games.

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 Revenue
Office of Administration - Budget and Planning
Missouri Lottery Commission



Mickey Wilson, CPA
Director
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