

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2487-02  
Bill No.: HB 1181  
Subject: Hospitals; Taxation and Revenue - Property; Taxation and Revenue - Sales and Use  
Type: Original  
Date: April 20, 2009

Bill Summary: Would authorize certain hospital districts to submit to the voters a plan to replace property taxes with a sales tax.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0 or Unknown</b>	<b>\$0 or Unknown</b>	<b>\$0 or Unknown</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
<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.

This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</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 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
<b>Local Government</b>	<b>\$0 or Unknown to (Unknown)</b>	<b>\$0 or Unknown to (Unknown)</b>	<b>\$0 or Unknown to (Unknown)</b>

---

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of the Secretary of State** assume this proposal would have no fiscal impact to their organization.

Officials from the **Department of Revenue (DOR)** assume this proposal would have no fiscal impact to their organization. DOR officials also provided an estimate of the IT cost to implement the proposal.

Officials from the **Office of Administration, Information Technology Services Division (ITSD/DOR)** estimate that implementing the IT portion of this proposal would require one FTE existing CIT III for one month for modifications to the MITS system. ITSD/DOR officials assume the proposal could be implemented with existing resources; however, if priorities shift, additional FTE or overtime could be required.

In response to a similar proposal, officials from **Ripley County** stated that the cost of a special election could range from \$15,000 to \$18,000 and the cost share if the proposition was submitted to the voters at a general election could range from \$5,000 to \$10,000.

Officials from **Ripley County Memorial Hospital** stated that the hospital currently received property tax revenues of approximately \$260,000 per year. Hospital officials assumed, based on revenue from a half-cent county sales tax levied for law enforcement, that a one cent hospital sales tax would generate approximately \$550,000 to \$600,000 per year.

**Oversight** has also calculated an estimate of the sales tax revenue that would be generated by a one percent sales tax. Based taxable sales reported by the Missouri Department of Revenue, Ripley County retail sales for 2008 were \$72.2 million; therefore, a one percent sales tax would generate approximately \$722,000 in sales tax revenue. The Department of Revenue would retain one percent of the sales tax revenue, or \$7,220.

Because the sales tax and property tax changes are subject to voter approval and also indeterminate as to effective date, Oversight will indicate \$0 or unknown amounts for the election cost, sales tax revenue, and property tax reduction, and for the one percent retention charge.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
---	---------------------	---------	---------

**GENERAL REVENUE FUND**

<u>Revenue</u> - sales tax collection fee	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
---	-----------------------	-----------------------	-----------------------

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>\$0 or Unknown</u></b>	<b><u>\$0 or Unknown</u></b>	<b><u>\$0 or Unknown</u></b>
---	------------------------------	------------------------------	------------------------------

<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
---	---------------------	---------	---------

**LOCAL GOVERNMENT**

<u>Revenue</u> - Hospital sales tax	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
-------------------------------------	----------------	----------------	----------------

<u>Cost</u> - election	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
------------------------	---------------------	---------------------	---------------------

<u>Revenue reduction</u> - Hospital property tax	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
--	---------------------	---------------------	---------------------

<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENT</b>	<b><u>\$0 or Unknown to (Unknown)</u></b>	<b><u>\$0 or Unknown to (Unknown)</u></b>	<b><u>\$0 or Unknown to (Unknown)</u></b>
---	---	---	---

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

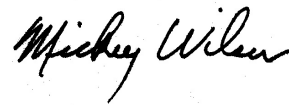
This proposal would authorize certain hospital districts to submit to the voters a plan to replace property taxes with a sales tax.

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

L.R. No. 2487-02  
Bill No. HB 1181  
Page 5 of 5  
April 20, 2009

SOURCES OF INFORMATION

Department of Revenue  
Office of the Secretary of State  
Ripley County Hospital

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

Mickey Wilson, CPA  
Director  
April 20, 2009