

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2487-05  
Bill No.: HCS for HB 1181  
Subject: Hospitals; Taxation and Revenue - Property; Taxation and Revenue - Sales and Use  
Type: Original  
Date: April 21, 2009

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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>

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## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of the Secretary of State** assumed a previous version of this proposal would have no fiscal impact to their organization.

Officials from the **Department of Revenue** (DOR) assumed a previous version of 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 a previous version 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 previous version of this 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 in response to a previous version of this proposal 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** notes that this version of the proposal includes an emergency clause, and a prohibition against the county levying a sales tax and a property tax at the same time.

Oversight has calculated an estimate of the sales tax revenue that would be generated by a one percent sales tax. Based on 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.

ASSUMPTION (continued)

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	FY 2011	FY 2012
	(10 Mo.)		

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

**LOCAL GOVERNMENT**

<u>Revenue</u> - Hospital sales tax	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
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<u>Cost</u> - election	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
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<u>Revenue reduction</u> - Hospital property tax	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
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<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>
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FISCAL IMPACT - Small Business

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

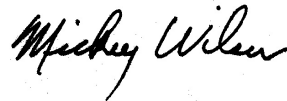
FISCAL DESCRIPTION

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.

SOURCES OF INFORMATION

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



Mickey Wilson, CPA  
Director  
April 21, 2009