

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3380-01
Bill No.: HB 1442
Subject: Cities, Towns, and Villages; Revenue Department; Taxation and Revenue - Sales and Use
Type: Original
Date: January 15, 2010

Bill Summary: This proposal changes the laws regarding certain city sales taxes.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on FTE	0	0	0

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).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue** and the **Office of the State Treasurer** each assume the proposal would have no fiscal impact on their respective agencies.

Officials from the cities of **St. Louis, Kansas City, Springfield** and **Columbia** did not respond to our request for fiscal impact.

Oversight collected municipal sales tax rate information from the Department of Revenue for the following cities:

St. Louis	4.016%
Kansas City	2.375%
Columbia	2.000%
Jefferson City	2.000%
Springfield	1.375%

Oversight does not have information regarding the breakdown of these sales tax rates into general sales tax and sales taxes dedicated to other things such as capital improvements, transportation, public transit, public safety, and parks and recreation.

Since the proposal states ‘cities that have already imposed and collected taxes under this section may continue to collect such taxes under this section without further approval by the voters as a continuation of a tax previously approved by the voters of the city’, **Oversight** will assume the proposal would not have a direct fiscal impact on existing sales tax rates. The proposal may have a fiscal impact on municipalities in the future that intend to implement a new sales tax or increase their existing sales tax rates.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

KG:LR:OD)

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

Currently, under the general city sales tax law, cities may impose a sales tax, upon voter approval, at a rate of one-half of 1%, seven-eighths of 1%, or 1%; and the City of St. Louis may impose the tax at a rate not to exceed one and three-eighths percent, for the benefit of the city. This bill specifies that the combined rate of sales taxes adopted under the city sales tax law cannot exceed 2%. This change is not to be construed as a new tax or an increase in the current levy of an existing tax for the purpose of Article X, Section 22, of the Missouri Constitution, commonly known as the Hancock Amendment, which requires voter approval. Cities that have already imposed and collected taxes under the city sales tax law can continue to do so without voter approval as a continuation of a tax previously approved by the voters of the city.

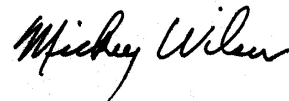
Currently, under the capital improvements city sales tax law, cities not in St. Louis County may impose a sales tax, upon voter approval, at a rate of one-eighth, one-fourth, three-eighths, or one-half of 1% for the purpose of funding, operating, and maintaining capital improvements. Municipalities in charter counties are authorized to impose a capital improvements tax under Section 94.890, RSMo. The bill specifies that the combined rate of sales taxes adopted under the capital improvement city sales tax law cannot exceed 1%. This change is not to be construed as a new tax or an increase in the current levy of an existing tax for the purpose of the Hancock Amendment which requires voter approval. Cities that have already imposed and collected taxes under the city sales tax law can continue to do so without voter approval as a continuation of a tax previously approved by the voters of the city.

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
State Treasurer's Office

Not Responding:
City of St. Louis
City of Kansas City
City of Springfield
City of Columbia



Mickey Wilson, CPA
Director
January 15, 2010