

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5751-01
Bill No.: HB 1725
Subject: Taxation and Revenue - Sales and Use; Business and Commerce; Licenses -
 Miscellaneous; Revenue Department
Type: Original
Date: February 19, 2014

Bill Summary: This proposal would eliminate the requirement that a new business applying for a retail sales license file a bond with the Department of Revenue, beginning January 1, 2015.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
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 2015	FY 2016	FY 2017
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 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
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 2015	FY 2016	FY 2017
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Secretary of State** and the **Joint Committee on Administrative Rules** assume this proposal would have no fiscal impact on their organizations.

Officials from the **Department of Revenue** did not respond to our request for information.

Oversight notes that current provisions require the Department of Revenue to return bonds posted by existing retail sales licensees after a reasonable period of satisfactory tax compliance, not to exceed two years. This proposal would, as of January 1, 2015, remove the existing requirement for a new retail licensee to post a compliance bond.

Oversight assumes that, beginning January 1, 2015, existing bonds would be refunded as the licensees demonstrate satisfactory tax compliance and new licensees would not be required to post a bond. Since cash bonds are deposited into the General Revenue Fund, this proposal would result in a net reduction in deposits to the General Revenue Fund.

Oversight has no information regarding the number of new licensees that would be affected or the potential bond amounts for those new licensees and will indicate an unknown reduction in revenue to the General Revenue Fund. Although this proposal could potentially lead to increased losses of sales tax revenue and increased costs of collection for the Department of Revenue, those losses and costs would not be considered a direct impact of this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2015	FY 2016	FY 2017
	(10 Mo.)		
GENERAL REVENUE FUND			
<u>Revenue reduction - DOR</u>			
Sales tax compliance bonds not required Section 144.087	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

FISCAL IMPACT - Local Government

FY 2015
(10 Mo.)

FY 2016

FY 2017

\$0

\$0

\$0

FISCAL IMPACT - Small Business

This proposal would have a direct fiscal impact to any small business which has retail sales activity.

FISCAL DESCRIPTION

This proposal would eliminate the requirement that a new business applying for a retail sales license file a bond with the Department of Revenue, beginning January 1, 2015.

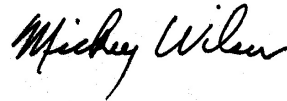
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Office of the Secretary of State
Joint Committee on Administrative Rules

Not responding:
Department of Revenue



Mickey Wilson, CPA
Director
February 19, 2014

Ross Strobe
Assistant Director
February 19, 2014