

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6055-01
Bill No.: HB 2299
Subject: Taxation and Revenue - Sales and Use; Law Enforcement Officers and Agencies;
 St. Louis County
Type: Original
Date: February 8, 2016

Bill Summary: This proposal authorizes a retail sales tax in St. Louis County to fund county law enforcement.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	\$0 or (Up to \$117,209)	\$0 or Up to \$160,000	\$0 or Up to \$160,000
Total Estimated Net Effect on General Revenue	\$0 or (Up to \$117,209)	\$0 or Up to \$160,000	\$0 or Up to \$160,000

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Local Government	(\$268,750) or Up to \$3,731,250	\$0 or Up to \$16,000,000	\$0 or Up to \$16,000,000

FISCAL ANALYSIS

ASSUMPTION

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

In response to a similar proposal (SB 834) officials from the **Department of Revenue (DOR)** assumed this proposal allows the imposition of a new local tax in St. Louis County of one-half of one percent (0.5%) to provide law enforcement services in the county.

DOR officials provided an estimate of the mailing costs of \$13,875 to notify approximately 25,000 businesses and taxpayers of the rate change.

DOR officials provided an estimate of the IT cost of \$103,334 to make changes to the Integrated Tax System.

In response to a similar proposal (SB 834), officials from the **Office of Administration-Division of Planning and Budget (B&P)** assumed this proposal allows St. Louis County, upon voter approval, to implement a retail sales tax in unincorporated St. Louis County for the purpose of providing law enforcement services. The proposal will increase Total State Revenues by an unknown amount equal to DOR's charge for the cost of collection. B&P deferred to DOR for any change in programming or administrative cost for the change in distribution.

In response to a similar proposal, (SB 834), officials from **St. Louis County** assumed that if approved by the voters, a sales tax imposed in unincorporated areas for law enforcement would generate approximately \$16 million annually.

St. Louis County officials assumed the cost of holding an election in unincorporated St. Louis County would vary depending on the timing of the election with no additional cost for an August or November election in even numbered years when countywide elections are held to costs of \$176,300 if held in April and \$268,750 if a special election were held. The earliest possible election would be November 2016, which could result in tax collection beginning April 2017 and

effecting 3 months of FY 2017.

ASSUMPTION (continued)

Officials from the **Joint Committee on Administrative Rules** assume this proposal would have no fiscal impact on their organization.

In response to a similar proposal, (SB 834), officials from the **Office of the Secretary of State** assumed this proposal would have no fiscal impact on their organization.

Oversight assumes the revenue projections furnished by officials of St. Louis County, and the costs furnished by DOR and officials of St. Louis County accurately estimate the fiscal impact of this proposal.

Oversight assumes DOR will receive a 1% fee for collection of the sales tax receipts.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (3 Mo.)	FY 2018	FY 2019
GENERAL REVENUE FUND			
<u>Revenue - DOR</u>			
Collection Fee	\$0 or Up to \$40,000	\$0 or Up to \$160,000	\$0 or Up to \$160,000
<u>Cost - DOR</u>			
Mailings & IT	\$0 or (Up to <u>\$117,209</u>)	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	\$0 or (Up to <u>\$117,209</u>)	\$0 or Up to <u>\$160,000</u>	\$0 or Up to <u>\$160,000</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2017 (3 Mo.)	FY 2018	FY 2019
LOCAL GOVERNMENT			
<u>Revenue - St. Louis County</u>			
Sales Tax	\$0 or Up to \$4,000,000	\$0 or Up to \$16,000,000	\$0 or Up to \$16,000,000
<u>Cost- St. Louis County Election expenses</u>			
Election	\$0 or (Up to <u>\$268,750</u>)	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENT	(\$268,750) or Up to <u>\$3,731,250</u>	\$0 or Up to <u>\$16,000,000</u>	\$0 or Up to <u>\$16,000,000</u>

FISCAL IMPACT - Small Business

This proposal would have a direct fiscal impact to small businesses in St. Louis County which purchase items subject to sales tax.

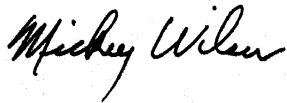
FISCAL DESCRIPTION

The proposed legislation allows St. Louis County, upon voter approval, to impose a sales tax of up to .5% on all retail sales in unincorporated areas of the county for purposes of providing law enforcement services to the county..

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
 Division of Budget and Planning
St. Louis County
Joint Committee on Administrative Rules
Office of the Secretary of State



Mickey Wilson, CPA
Director
February 8, 2016

Ross Strobe
Assistant Director
February 8, 2016