

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3193-05
Bill No.: HCS No. 2 for HB 1957
Subject: Taxation and Revenue - General; Department of Revenue; Taxation and Revenue
- Sales and Use; Taxation and Revenue - Income
Type: Original
Date: February 12, 2020

Bill Summary: This proposal modifies provisions relating to taxation.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2021	FY 2022	FY 2023	Fully Implemented (FY 2024)
General Revenue*	(Greater than \$10,277,583) to \$2,241,439 to \$14,760,460	(Could exceed \$26,545,538) to (\$8,551,715) to \$9,442,106	Less than \$32,604,967 to \$41,122,587 to \$21,932,703	Less than \$95,763,075 to \$105,219,102 to \$48,704,884
Total Estimated Net Effect on General Revenue*	(Greater than \$10,277,583) to \$2,241,439 to \$14,760,460	(Could exceed \$26,545,538) to (\$8,551,715) to \$9,442,106	Less than \$32,604,967 to \$41,122,587 to \$21,932,703	Less than \$95,763,075 to \$105,219,102 to \$48,704,884

*The range of numbers represent the low, mid, and high estimated impacts of sales/use taxes calculations and individual income tax rate adjustments.

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 37 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2021	FY 2022	FY 2023	Fully Implemented (FY 2024)
Conservation Commission Fund*	Less than \$1,482,516 to \$1,873,736 to \$2,264,955	Less than \$3,050,195 to \$3,855,108 to \$4,660,021	Less than \$3,197,589 to \$4,041,398 to \$4,885,206	Less than \$3,308,717 to \$4,181,850 to \$5,054,983
Parks and Soils State Sales Tax Fund(s)*	Less than \$1,186,013 to \$1,498,989 to \$1,811,964	Less than \$2,440,156 to \$3,084,087 to \$3,728,017	Less than \$2,558,071 to \$3,233,118 to \$3,908,165	Less than \$2,646,973 to \$3,345,480 to \$4,043,987
Total Estimated Net Effect on <u>Other</u> State Funds*	Less than \$2,668,529 to \$3,372,725 to \$4,076,919	Less than \$5,490,351 to \$6,931,195 to \$8,388,038	Less than \$5,755,660 to \$7,274,516 to \$8,793,371	Less than \$5,955,690 to \$7,527,330 to \$9,098,970

*The range of numbers represent the low, mid, and high estimated impacts of sales/use taxes calculations and individual income tax rate adjustments.

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2021	FY 2022	FY 2023	Fully Implemented (FY 2024)
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2021	FY 2022	FY 2023	Fully Implemented (FY 2024)
General Revenue	33 FTE	33 FTE	33 FTE	33 FTE
Total Estimated Net Effect on FTE	33 FTE	33 FTE	33 FTE	33 FTE

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 2021	FY 2022	FY 2023	Fully Implemented (FY 2024)
Local Government - Local Political Subdivisions*	\$0 or less than \$18,413,263 to \$23,272,319 to \$28,131,374	\$0 or less than \$37,884,286 to \$47,881,528 to \$57,878,770	\$0 or less than \$39,714,958 to \$50,195,295 to \$60,675,631	\$0 or less than \$41,095,189 to \$51,939,753 to \$62,784,316

*The range of numbers represent the low, mid, and high estimated impacts of sales/use taxes calculations and individual income tax rate adjustments, possibly dependant upon local political subdivisions approving a use tax (§144.605(2)(g)e.

FISCAL ANALYSIS

ASSUMPTION

Section 144.605, 144.701 & 144.752 - Out-of-State Use Tax & Marketplace Facilitators

Officials from the **Office of Administration - Budget & Planning Division (B&P)** state, for the purpose of this fiscal note, B&P will address the response for Sections 144.605 and 144.752 together as one "online sales tax" impact. B&P will also show the impact from these sections before listing the impacts for Section 143.011 as the online sales tax estimates directly impact the income tax reduction estimates.

B&P notes Sections 144.605 and 144.752 require retailers and marketplace facilitators that do not have a physical presence within Missouri to collect and remit sales tax on purchases delivered into Missouri beginning January 1, 2021. Only retailers with gross revenue greater than \$100,000 from deliveries into Missouri would be required to collect Missouri use tax.

Section 144.605(2)(g)c states that the use tax thresholds shall only apply to vendors that do not have a physical presence within the state and complete sales of tangible personal property online. B&P notes that this would exclude mail order businesses from the online use tax remittance requirements in Section 144.605(2)(g).

Section 144.605(2)(g)d states that any department with a sales tax authorized under Article IV of the Missouri Constitution may instead remit the sales taxes collected to DOR so that they may be deposited into General Revenue (GR). B&P notes that this subsection would apply to the motor vehicle sales tax (Article IV, Section 30(b)), Conservation sales tax (Article IV, Section 43(a)), and the Parks, Soil and Water sales taxes administered by DNR (Article IV, Section 47(a)). Article IV, Section 30(d) prohibits the diversion of motor vehicle sales tax money for non-highway purposes. Article IV, Section 43(b) details the uses for the Conservation sales tax. Article IV, Section 47(b) details the uses for the moneys collected by the Parks, Soil and Water sales taxes. B&P notes that all three sections require such funds to only be used on such explicit purposes. Therefore, B&P will reflect revenues collected under Sections 144.605 to 144.752 of this proposal as deposited into their existing Conservation and DNR funds and not diverted into GR. B&P notes that state and local use taxes on motor vehicles are already collected outside of this proposal and will therefore not be impacted.

Oversight notes B&P's estimates will report revenues that would otherwise be deposited into the Conservation Commission Fund (0609), the Parks State Sales Tax Fund (0613) and the Soil State Sales Tax Fund (0614) to continue to be deposited into such, as required by the Constitution of Missouri. Oversight further notes B&P does not anticipate a fiscal impact from the sale of motor vehicles, as state and local use taxes on motor vehicles are currently collected outside of this proposed legislation.

ASSUMPTION (continued)

B&P state Section 144.605(2)(g)e states that any vendor that meets the requirements in Section 144.605(2)(g)c shall not be subject to any local use tax that was enacted prior to January 1, 2021, unless an expansion of such tax to include online vendors has been voter approved. B&P notes that it is unclear whether purchasers would still be subject to such local use tax in the event an expansion has not been approved by voters. Section 144.757 includes the ballot language to be used for voter approval of the use tax expansion. Therefore, B&P will show potential local revenues from Section 144.605 and 144.752 as \$0 (no local expansion approved) to \$X (the full amount, all local jurisdictions with a current use tax approved expansion).

Oversight notes B&P will report a fiscal impact for local political subdivisions, in regards to additional use tax collections, as a range from \$0 to \$X (X being the increase in the use tax collections from online retailers).

B&P states Section 144.701.2 would divert the 1% sales tax that would otherwise be deposited into the School District Trust Fund (SDTF) into GR instead for moneys collected under Sections 144.605 to 144.752 of this proposal. Therefore, B&P will show the full 4% sales tax collections (3% GR and 1% SDTF) resulting from this proposal as being deposited into GR.

Oversight notes this proposed legislation provides that the additional revenue derived from use tax collections from online sellers that would otherwise be deposited into the School District Trust Fund (0688) shall be deposited into GR.

B&P states Section 144.752 defines marketplace facilitators and states that a facilitator counts as one seller. Starting January 1, 2021, market place facilitators that reach the sales thresholds outlined under Section 144.605(2)(g) must register with DOR and begin remitting sales tax on behalf of individual marketplace sellers. B&P notes that this provision would apply to retailers such as Amazon's market place, ETSY, EBAY, etc. This section further clarifies that third party payment processors are not considered marketplace facilitators. In addition, marketplace facilitators that collect and remit use tax in a timely manner are eligible for the 2% use tax timely filing discount.

B&P further states B&P and the Missouri Department of Revenue (DOR) worked together to estimate the potential revenue gains from the U.S. Supreme Court *Wayfair* decision, which overturned the *Quill* decision and held that states may charge a tax on purchases made from out-of-state sellers, even if the seller doesn't have a physical presence in the taxing state. In November 2017, the U.S. Government and Accountability Office (GAO) released state-by-state estimates for potential revenue gains if the 1992 *Quill* decision were overturned during the *Wayfair* case. In the report, the GAO estimated that Missouri could gain \$180 million to \$275

ASSUMPTION (continued)

million in state and local sales taxes during 2017 from e-commerce sales tax revenue. B&P notes that there were three limitations to the study which B&P and DOR attempted to address by further refining the GAO estimates.

At the time of the study, the GAO did not remove the sales of digital downloads from the state and local estimates due to data limitations and different tax treatments across states. B&P notes that digital downloads are currently exempt from sales tax under Missouri law. B&P and DOR were able to find limited studies on the e-commerce market share for such sales. The studies indicated that digital downloads account for approximately 14.1% of all e-commerce sales. B&P and DOR then reduced the original GAO estimates by that 14.1%.

The GAO provided a point-in-time estimate for potential state and local revenue gains during 2017. This estimate, though, does not account for anticipated growth in e-commerce sales. To address this, B&P and DOR adjusted the GAO estimate to incorporate e-commerce sales growth for tangible personal property from 2018 through 2022. Only growth for e-commerce sales of tangible personal property were used, rather than growth in the full e-commerce market, in order to accurately reflect growth in the online sales tax base. B&P notes that using growth in the full e-commerce market would overestimate the sales tax base as services and digital download products are not currently taxable in Missouri.

At the time of the study, the GAO did not incorporate potential in-state sales or in-state transaction requirements that would limit the companies required to comply with e-commerce sales tax collections. Using data published by the U.S. Census Bureau and industry reports, B&P and DOR were able to estimate the percent of sales that would remain taxable if Missouri instituted an in-state sales threshold of \$100,000. If Missouri were to enact a \$100,000 in-state sales threshold, B&P and DOR estimate that approximately 86.7% of all e-commerce sales would remain taxable. B&P and DOR used this estimate to further adjust the GAO provided revenue estimate.

B&P and DOR were unable to estimate the impact from a potential in-state transaction requirement. B&P notes that the majority of states are currently enacting e-commerce sales tax requirements of \$100,000 in in-state sales or 200 in-state transactions.

Given the range between the low and high sales estimates and to facilitate the calculation of the rate reduction in Section 143.011, B&P will show the low/mid/high amounts for estimated use tax collections.

ASSUMPTION (continued)

B&P and DOR estimate that in Calendar Year 2021 Missouri could gain up to \$100.2 million to \$153.1 million in Total State Revenues (TSR), of which \$94.9 million to \$144.9 million would be GR. By Calendar Year 2024, B&P and DOR estimate that TSR could be increased by \$113.5 million to \$173.4 million, of which \$107.5 million to \$164.1 million would be GR. Table 1 shows the estimated impact by calendar year.

Table 1: Estimated Use Tax Collections from Online Sales by Calendar Year

Calendar Year	2021			2022		
	Low	Mid	High	Low	Mid	High
GR (3% GR Tax)	\$71,160,754	\$89,939,286	\$108,717,818	\$75,248,621	\$95,105,896	\$114,963,171
GR (1% SDTF Tax)	\$23,720,251	\$29,979,762	\$36,239,273	\$25,082,874	\$31,701,966	\$38,321,057
TotalGR	\$94,881,005	\$119,919,048	\$144,957,091	\$100,331,495	\$126,807,862	\$153,284,228
Conservation	\$2,965,031	\$3,747,470	\$4,529,909	\$3,135,359	\$3,962,746	\$4,790,132
Parks, Soil, Water	\$2,372,025	\$2,997,976	\$3,623,927	\$2,508,287	\$3,170,197	\$3,832,106
TSR (4.225% sales tax)	\$100,218,061	\$126,664,494	\$153,110,927	\$105,975,141	\$133,940,805	\$161,906,466
Local* (Pop Weighted Rate 1.385%)	\$0 or Up to \$36,826,526	\$0 or Up to \$46,544,637	\$0 or Up to \$56,262,748	\$0 or Up to \$38,942,045	\$0 or Up to \$49,218,419	\$0 or Up to \$59,494,792

*Section 144.605.1(2)(g)e requires local use tax collections under this proposal be voter approved.

*Section 144.637.3 requires that the lowest combined tax rate within a zip code be used to determine local sales tax due. This may lower the actual local tax collections.

ASSUMPTION (continued)

Table 1 (continued): Estimated Use Tax Collections from Online Sales by Calendar Year

Calendar Year	2023			2024		
	Low	Mid	High	Low	Mid	High
GR (3% GR Tax)	\$78,235,655	\$98,881,175	\$119,526,695	\$80,582,724	\$101,847,610	\$123,112,496
GR (1% SDTF Tax)	\$26,078,552	\$32,960,392	\$39,842,232	\$26,860,908	\$33,949,204	\$41,037,499
Total GR	\$104,314,207	\$131,841,567	\$159,368,927	\$107,443,632	\$135,796,814	\$164,149,995
Conservation	\$3,259,819	\$4,120,049	\$4,980,279	\$3,357,614	\$4,243,651	\$5,129,687
Parks, Soil, Water	\$2,607,855	\$3,296,039	\$3,984,223	\$2,686,091	\$3,394,921	\$4,103,750
TSR (4.225% sales tax)	\$110,181,881	\$139,257,655	\$168,333,429	\$113,487,337	\$143,435,386	\$173,383,432
Local* (Pop Weighted Rate 1.385%)	\$0 or Up to \$40,487,870	\$0 or Up to \$51,172,170	\$0 or Up to \$61,856,469	\$0 or Up to \$41,702,507	\$0 or Up to \$52,707,335	\$0 or Up to \$63,712,163

*Section 144.605.1(2)(g)e requires local use tax collections under this proposal be voter approved.

*Section 144.637.3 requires that the lowest combined tax rate within a zip code be used to determine local sales tax due. This may lower the actual local tax collections.

B&P notes that these estimates reflect the full potential revenue and do not include adjustments for implementation timing or business compliance. Therefore, the actual revenue collected in earlier years may be significantly lower than the estimated amount.

B&P and DOR estimate that in Fiscal Year 2021 Missouri could gain up to \$50.1 million to \$76.6 million in TSR, of which \$47.5 million to \$72.5 million would be GR. By Fiscal Year 2024, B&P and DOR estimate that TSR could be increased by \$111.9 million to \$170.9 million, of which \$105.9 million to \$161.7 million would be GR. Table 2 shows the estimated impact by fiscal year.

ASSUMPTION (continued)

Table 2: Estimated Use Tax Collections from Online Sales by Fiscal Year

Calendar Year	2021			2022		
	Low	Mid	High	Low	Mid	High
GR (3% GR Tax)	\$35,580,377	\$44,969,643	\$54,358,909	\$73,204,688	\$92,522,592	\$111,840,495
GR (1% SDTF Tax)	\$11,860,126	\$14,989,882	\$18,119,637	\$24,401,563	\$30,840,864	\$37,280,165
Total GR	\$47,440,503	\$59,959,525	\$72,478,546	\$97,606,251	\$123,363,456	\$149,120,660
Conservation	\$1,482,516	\$1,873,736	\$2,264,955	\$3,050,195	\$3,855,108	\$4,660,021
Parks, Soil, Water	\$1,186,013	\$1,498,989	\$1,811,964	\$2,440,156	\$3,084,087	\$3,728,017
TSR (4.225% sales tax)	\$50,109,032	\$63,332,250	\$76,555,465	\$103,096,602	\$130,302,651	\$157,508,698
Local* (Pop Weighted Rate 1.385%)	\$0 or Up to \$18,413,263	\$0 or Up to \$23,272,319	\$0 or Up to \$28,131,374	\$0 or Up to \$37,884,286	\$0 or Up to \$47,881,528	\$0 or Up to \$57,878,770

*Section 144.605.1(2)(g)e requires local use tax collections under this proposal be voter approved.

*Section 144.637.3 requires that the lowest combined tax rate within a zip code be used to determine local sales tax due. This may lower the actual local tax collections.

Table 2 (continued): Estimated Use Tax Collections from Online Sales by Fiscal Year

Calendar Year	2023			2024		
	Low	Mid	High	Low	Mid	High
GR(3% GR Tax)	\$76,742,138	\$96,993,536	\$117,244,933	\$79,409,190	\$100,364,393	\$121,319,596
GR (1% SDTF Tax)	\$25,580,713	\$32,331,179	\$39,081,645	\$26,469,730	\$33,454,798	\$40,439,866
TotalGR	\$102,322,851	\$129,324,715	\$156,326,578	\$105,878,920	\$133,819,191	\$161,759,462
Conservation	\$3,197,589	\$4,041,398	\$4,885,206	\$3,308,717	\$4,181,850	\$5,054,983
Parks, Soil, Water	\$2,558,071	\$3,233,118	\$3,908,165	\$2,646,973	\$3,345,480	\$4,043,987
TSR (4.225% sales tax)	\$108,078,511	\$136,599,231	\$165,119,949	\$111,834,610	\$141,346,521	\$170,858,432
Local* (Pop Weighted Rate 1.385%)	\$0 or Up to \$39,714,958	\$0 or Up to \$50,195,295	\$0 or Up to \$60,675,631	\$0 or Up to \$41,095,189	\$0 or Up to \$51,939,753	\$0 or Up to \$62,784,316

*Section 144.605.1(2)(g)e requires local use tax collections under this proposal be voter approved.

*Section 144.637.3 requires that the lowest combined tax rate within a zip code be used to determine local sales tax due. This may lower the actual local tax collections.

ASSUMPTION (continued)

Oversight notes the amounts applicable to the “Mid” column is the mid point between the low estimates and the high estimate (ex. - Fiscal Year 2023 - \$76,742,138 + (\$117,244,933 - \$76,742,138 / 2) or \$117,244,933 - (\$117,244,933 - \$76,742,138 / 2).

Oversight notes Fiscal Year 2021 reports the first six (6) months of Calendar Year 2021 collections (January - June). Fiscal Year 2022 includes the remaining or last six (6) months of Calendar Year 2021 collections (July - December) and the first six (6) months of Calendar Year 2022 collections (January - June). Each fiscal year thereafter includes six months of the previous calendar year and six months of the current calendar year.

Oversight further notes the use tax revenues derived from the use tax collections from out-of-state retailers that would currently be deposited into the School District Trust Fund (0688) would be reallocated to GR, as this proposed legislation exempts the revenues derived from such from being deposited into the School District Trust Fund.

Officials from the **Missouri Department of Revenue (DOR)** state B&P and DOR worked together to estimate the potential revenue gains from the U.S. Supreme Court *Wayfair* decision, which overturned the *Quill* decision and held that states may charge a tax on purchases made from out-of-state sellers, even if the seller doesn't have a physical presence in the taxing state. In November 2017, the U.S. Government and Accountability Office (GAO) released state-by-state estimates for potential revenue gains if the 1992 *Quill* decision were overturned during the *Wayfair* case. In the report, the GAO estimated that Missouri could gain \$180 million to \$275 million in state and local sales taxes during 2017 from e-commerce sales tax revenue. B&P notes that there were three limitations to the study which B&P and DOR attempted to address by further refining the GAO estimates.

At the time of the study, the GAO did not remove the sales of digital downloads from the state and local estimates due to data limitations and different tax treatments across states. B&P notes that digital downloads are currently exempt from sales tax under Missouri law. B&P and DOR were able to find limited studies on the e-commerce market share for such sales. The studies indicated that digital downloads account for approximately 14.1% of all e-commerce sales. B&P and DOR then reduced the original GAO estimates by that 14.1%.

The GAO provided a point-in-time estimate for potential state and local revenue gains during 2017. This estimate, though, does not account for anticipated growth in e-commerce sales. To address this, B&P and DOR adjusted the GAO estimate to incorporate e-commerce sales growth for tangible personal property from 2018 through 2022. Only growth for e-commerce sales of tangible personal property were used, rather than growth in the full e-commerce market, in order

ASSUMPTION (continued)

to accurately reflect growth in the online sales tax base. B&P notes that using growth in the full e-commerce market would overestimate the sales tax base as services and digital download products are not currently taxable in Missouri.

At the time of the study, the GAO did not incorporate potential in-state sales or in-state transaction requirements that would limit the companies required to comply with e-commerce sales tax collections. Using data published by the U.S. Census Bureau and industry reports, B&P and DOR were able to estimate the percent of sales that would remain taxable if Missouri instituted an in-state sales threshold of \$100,000. If Missouri were to enact a \$100,000 in-state sales threshold, B&P and DOR estimate that approximately 86.7% of all e-commerce sales would remain taxable. B&P and DOR used this estimate to further adjust the GAO provided revenue estimate.

B&P and DOR were unable to estimate the impact from a potential in-state transaction requirement. B&P notes that the majority of states are currently enacting e-commerce sales tax requirements of \$100,000 in in-state sales or 200 in-state transactions.

B&P and DOR estimate that in Tax Year 2021 Missouri could gain up to \$50.1 million to \$76.5 million in TSR. By Tax Year 2023, B&P and DOR estimate that TSR could be increased by \$103.0 million to \$157.5 million. B&P notes that these estimates reflect the full potential revenue and do not include adjustments for implementation timing or business compliance. Therefore, the actual revenue collected in earlier years may be significantly lower than the estimated amount.

The following tables show the potential state and local revenue gains from expanding Missouri sales tax law to include online sales.

Collections by Calendar Year

Calendar Year	2021		2022	
	Low	High	Low	High
GR (3% GR Tax)	\$71,160,754	\$108,717,818	\$75,248,621	\$114,963,171
Education	\$23,720,251	\$36,239,273	\$25,082,874	\$38,321,057
Conservation	\$2,965,031	\$4,529,909	\$3,135,359	\$4,790,132
Parks, Soil, Water	\$2,372,025	\$3,623,927	\$2,508,287	\$3,832,106
TSR (4.225% sales tax)	\$100,218,061	\$153,110,927	\$105,975,141	\$161,906,466
Local* (Pop Weighted Rate 1.385%)	\$36,826,526	\$56,262,748	\$38,942,045	\$59,494,792

*Section 144.637.3 requires that the lowest combined tax rate within a zip code be used to determine local sales tax due. This may lower the actual local tax collections

ASSUMPTION (continued)

Collections by Calendar Year (continued)

Calendar Year	2023		2024	
	Low	High	Low	High
GR (3% GR Tax)	\$78,235,655	\$119,526,695	\$80,582,724	\$123,112,496
Education	\$26,078,552	\$39,842,232	\$26,860,908	\$41,037,499
Conservation	\$3,259,819	\$4,980,279	\$3,357,614	\$5,129,687
Parks, Soil, Water	\$2,607,855	\$3,984,223	\$2,686,091	\$4,103,750
TSR (4.225% sales tax)	\$110,181,881	\$168,333,429	\$113,487,337	\$173,383,432
Local* (Pop Weighted Rate 1.385%)	\$40,487,870	\$61,856,469	\$41,702,507	\$63,712,163

*Section 144.637.3 requires that the lowest combined tax rate within a zip code be used to determine local sales tax due. This may lower the actual local tax collections

DOR notes this proposal is to begin January 1, 2021 and therefore, six months of sales tax could be remitted in Fiscal Year 2021. This proposal states that the use tax collected under this provision is to be deposited into the General Revenue Fund. While this proposal states that all money collected from this provision would go to General Revenue, DOR will only show the General Revenue amount and the money for the School District Trust Fund going to General Revenue. DOR will continue to show the constitutionally created Conservation Commission and Parks, Soil and Water Funds still receiving their funding.

Collections by Fiscal Year

Fiscal Year	2021		2022	
	Low	High	Low	High
GR (3% GR Tax)	\$35,580,377	\$54,358,909	\$73,204,688	\$111,840,495
Education	\$11,860,126	\$18,119,637	\$24,401,563	\$37,280,165
Conservation	\$1,482,516	\$2,264,955	\$3,050,195	\$4,660,021
Parks, Soil, Water	\$1,186,013	\$1,811,964	\$2,440,156	\$3,728,017
TSR (4.225% sales tax)	\$50,109,032	\$76,555,465	\$103,096,602	\$157,508,698
Local* (Pop Weighted Rate 1.385%)	\$18,413,263	\$28,131,374	\$37,884,286	\$57,878,770

*Section 144.637.3 requires that the lowest combined tax rate within a zip code be used to determine local sales tax due. This may lower the actual local tax collections

ASSUMPTION (continued)

Collections by Fiscal Year (continued)

Fiscal Year	2023		2024	
	Low	High	Low	High
GR (3% GR Tax)	\$76,742,138	\$117,244,933	\$79,409,190	\$121,319,596
Education	\$25,580,713	\$39,081,645	\$26,469,730	\$40,439,866
Conservation	\$3,197,589	\$4,885,206	\$3,308,717	\$5,054,983
Parks, Soil, Water	\$2,558,071	\$3,908,165	\$2,646,973	\$4,043,987
TSR (4.225% sales tax)	\$108,078,511	\$165,119,949	\$111,834,610	\$170,858,432
Local* (Pop Weighted Rate 1.385%)	\$39,714,958	\$60,675,631	\$41,095,189	\$62,784,316

*Section 144.637.3 requires that the lowest combined tax rate within a zip code be used to determine local sales tax due. This may lower the actual local tax collections

DOR would notify an estimated 200,000 sellers of their potential reporting requirements. Estimated postage and printing costs for such notification to online sellers is estimated to be up to \$100,000.

Oversight notes DOR anticipates the postage and printing costs for notifying online sellers of their potential reporting requirements to equal up to \$100,000. Oversight assumes DOR could anticipate additional postage and printing costs each year thereafter, depending on the amount of “new” businesses DOR deems responsible for such reporting requirements. Therefore, Oversight will report an (Unknown) fiscal impact for these costs each year after Fiscal Year 2021.

DOR assumes it will require the following for their Sales and Use Tax Section:

DOR estimates it will need three (3) Revenue Processing Technician I (RPT) to process the additional use tax returns. DOR estimates it will need one (1) RPT to answer additional correspondence. DOR estimates it will need two (2) RPT to process the additional registration applications and perform location maintenance.

DOR assumes it will require the following for their Field Compliance Bureau (Audit): DOR will need to increase the number of auditors, especially those in out-of-state offices in order to address the potential of a greater non-compliance tax base. DOR would need to add twenty-five (25) auditors. DOR believes the twenty-five total auditors could increase over a period of time as DOR generally performs three-year audits and there will be limited records to audit in the

ASSUMPTION (continued)

first several years following the implementation of this proposed legislation. DOR further estimates it will need two (2) additional auditors in training to perform discovery work needed to identify potential audit leads from non-registered businesses.

Oversight will include DOR's administrative and personnel costs in this fiscal note as reported by DOR and Oversight's assumption for an (Unknown) cost for Fiscal Year 2022 and Fiscal Year 2023 for postage and printing.

Officials from the **Missouri Department of Conservation (MDC)** assume an unknown fiscal impact but greater than \$100,000. The Conservation Sales Tax funds are derived from one-eighth of one percent sales and use tax pursuant to Article IV Section 43 (a) of the Missouri Constitution. Any increase in sales and use tax collected would increase revenue to the Conservation Sales Tax funds. However, the initiative is very complex and may require adjustments to Missouri sales tax law which could cause some downside risk to the Conservation Sales Tax. MDC assumes the Department of Revenue would be better able to estimate the anticipated fiscal impact that would result from this proposal.

Oversight notes MDC's Conservation Commission Fund (0609) receives one-eighth of one percent of the revenues generated from sales and use tax. Oversight will report the impact to the Conservation Commission Fund as reported by B&P and DOR.

Officials from the **Missouri Department of Natural Resources (DNR)** state DNR'S Parks and Soils Sales Tax Funds are derived from one-tenth of one percent of sales and use tax pursuant to Article IV Section 47(a) of the Missouri Constitution. Any increase in sales tax collected could increase revenue to the Parks and Soils Sales Tax Funds. DNR assumes any increase in revenue to the Parks and Soils Sales Tax Fund would be used for the purposes established in Article IV Section 47(a) of the Missouri Constitution.

DNR assumes the Department of Revenue would be better able to estimate the anticipated fiscal impact that would result from this proposal.

Oversight notes DNR's Parks and Soils State Sales Tax Funds (0613 & 0614) receives one-tenth of one percent of the revenues generated from sales and use tax. Oversight will report the impact to the Parks and Soils State Sales Tax Fund(s) as reported by B&P and DOR.

ASSUMPTION (continued)

Officials from the **City of Springfield** state there is a positive fiscal impact to Springfield, based on the presumption that new revenue will be collected and remitted by the Department of Revenue. The impact is unquantifiable without knowing the specific number of transactions that would apply under this bill.

Oversight notes the Springfield anticipates a positive fiscal impact as a result of this proposed legislation. For purposes of this fiscal note, Oversight will report the estimated impact to local political subdivisions as reported by B&P and DOR.

Section 144.637 - DOR Tax Database(s)

Officials from **DOR** state this section requires DOR to provide and maintain a database that describes boundary changes for all taxing jurisdictions and the effective dates of such changes for the use of vendors collecting the tax imposed under Sections 144.600 to 144.745.

This proposed section states that for the identification of counties and cities, codes corresponding to the rates shall be provided according to Federal Information Processing Standards. For the identification of all other jurisdictions, codes corresponding to the rates shall be in a format determined by the Director.

This proposed section states that the electronic databases provided for in subsections 1, 2, 3, and 4 of this section shall be in downloadable format as determined by the Director. The databases shall be provided at no cost to the user of the database, and no vendor shall be liable for reliance upon erroneous data provided by the director on tax rates, boundaries, or taxing jurisdiction assignments.

DOR anticipates this proposed section would require a totally new program that would require DOR to contract with a certified service provider. **DOR believes the fiscal impact for this would be significantly greater than \$1 million.** DOR has reached out to multiple CSP providers, though DOR has yet to get any definitive fiscal response. DOR will continue to research and update when needed.

Oversight will show the estimated impact of (Greater than \$1,000,000) as reported by DOR in Fiscal Year 2021 as the proposed legislation does not provide a date in which the systems are required to be completed but would assist in the collection of Use Tax from out-of-state sellers as provided in Section 144.605 and 144.752 which would begin, January 1, 2021. Oversight assumes DOR could incur additional certified service provider costs in Fiscal Year 2022, Fiscal Year 2023 and Fiscal Year 2024 as a definitive cost has been provided. Therefore, Oversight will report an (Unknown) fiscal impact for these costs in Fiscal Year 2022, Fiscal Year 2023 and Fiscal Year 2024.

ASSUMPTION (continued)

B&P states Section 144.637 requires DOR to create, maintain, and provide a database that assigns each nine-digit and five-digit zip code with the lowest combined local tax rate for that zip code. Vendors are required to use the database in determining the amount of use tax to collect and remit. DOR may provide an address level database with the corresponding tax rate for each address. If such a database is created, vendors must use the address level database in lieu of the zip code database when determining the amount of use tax to collect and remit.

Subsection 144.637.3 requires that the lowest combined tax rate within a zip code area must be applied if there are multiple tax rates within the zip code. B&P notes that using the lowest combined local tax rate may reduce the local sales tax collections estimated for online sales.

Any and all databases created, maintained, or certified by DOR must be provided at no cost to vendors for their use in collecting and remitting use taxes. B&P notes that using the lowest combined local tax rate may reduce the local sales tax collections estimated for online sales. This section will not impact TSR or the calculation under Article X, Section 18(e); however, B&P defers to DOR for more information on potential costs.

Section 144.757 - Sales and Use Tax Ballot Language

Officials from **B&P** state this section requires voter approval in order for political subdivisions to expand existing use taxes to online vendors under Section 144.602.1(2)(g). (See discussion under online use tax section.)

This section also places a cap on local use taxes. Under this provision a local use tax shall not exceed the rate enacted as of January 1, 2021. B&P notes that this would remove the parity between local sales and use taxes. Currently, local use taxes are set at the same rate as local sales taxes. This provision would prevent local use taxes from being increased any time a local sales tax is increased after January 1, 2021.

Officials from **DOR** state this proposal modifies the ballot language for sales and use tax issues. DOR assumes no fiscal impact from changing the ballot language.

This section places a cap on local use taxes that were enacted prior to January 1, 2021. Under this provision a local use tax shall not exceed the rate enacted as of January 1, 2021. Currently, local use taxes are set at the same rate as local sales taxes. This provision would prevent local use taxes from being increased any time a local sales tax is increased after January 1, 2021. DOR assumes no fiscal impact to DOR from this provision.

ASSUMPTION (continued)

Section 143.011 - Individual Income Tax Rate Reduction

Officials from **B&P** state Section 143.011.4(1) would create an additional 0.14% reduction in the top rate of tax, beginning Tax Year 2021.

Section 143.011.4(2) would allow for an additional reduction or increase in the top rate of tax during Tax Year 2022 and Tax Year 2023.

Beginning with Tax Year 2022 a reduction of 0.02% may occur for every \$18 million collected in total state sales and use tax collected, less \$130 million, from October 1, 2020 to September 30, 2021 over a 2.8% percent increase in total state sales and use tax revenue received from October 1, 2019 to September 30, 2020. An increase of 0.02% in the top tax rate may occur for every \$18 million, less \$130 million, collected in total state sales and use tax that collections failed to equal a 2.8% percent increase in total state sales and use tax revenue received during the same time period.

Beginning with Tax Year 2023 a reduction of 0.02% may occur for every \$18 million collected by which half of the total state sales and use taxes, less \$130 million, collected from October 1, 2020 to September 30, 2022 is over a 2.8% increase in total state sales and use tax revenue received from October 1, 2019 to September 30, 2020. An increase of 0.02% in the top tax rate may occur for every \$18 million collected by which half of total state sales and use tax collections, less \$130 million, which failed to equal a 2.8% increase in total state sales and use tax revenue received during the same time period.

In order to determine potential sales and use tax revenue growth, B&P utilized forecasted GR sales and use tax growth for Fiscal Year 2020 and Fiscal Year 2021. B&P then used those growth rates to estimate potential revenue growth for other state sales and use tax funds (Prop C, Conservation sales tax, and the Parks, Soil, Water sales taxes). B&P then used the 5-year average sales and use tax growth to estimate potential revenue growth in Fiscal Year 2022 and Fiscal Year 2023.

B&P then combined the forecasted growth with the estimated online sales and use tax collections for Tax Year 2021 and Tax Year 2022 in order to estimate any rate changes triggered under Section 143.011.4(2). Table 3 shows the estimated tax rates under this proposal.

ASSUMPTION (continued)

Table 3: Income Tax Rates

Tax Year	Current Law*	Proposal - Low Sales		Proposal - Mid Sales		Proposal - High Sales	
		Reductions	Estimated New Rate	Reductions	Estimated New Rate	Reductions	Estimated New Rate
2021	5.30%	0.14%	5.16%	0.14%	5.16%	0.14%	5.16%
2022	5.20%	-0.02%	5.08%	0.00%	5.06%	0.02%	5.04%
2023**	5.10%	0.02%	5.04%	0.04%	5.02%	0.08%	4.98%

*Current Law - Assumes SB 509 (2014) growth triggers are met every year.

**Section 143.011.4© requires the rate changes occurring in 2023 to be taken from the tax year 2021 top tax rate.

B&P, for the purpose of this fiscal note, assumes the income tax rate reductions and business income exemptions scheduled to occur under current law happen in consecutive years from Tax Year 2021 through Tax Year 2023.

Oversight notes B&P anticipates the rate reductions currently permitted under law (SB 509 - 2014), which require certain triggers be met, will occur each succeeding tax year.

Oversight notes, for Tax Year 2021, B&P has calculated the “Proposal - Low Sales” including a one-tenth of one percent (.1%) reduction currently permitted under current law (SB 509 - 2014) from the current (Tax Year 2020) tax rate (5.4%) as well an additional reduction equal to fourteen-hundredths of one percent (.14%) to equate a top individual income tax rate, for Tax Year 2021, equal to 5.16%.

Oversight further notes, for Tax Year 2021, B&P has calculated the “Proposal - Mid Sales” and the “Proposal - High Sales” to be the same rate as the “Proposal - Low Sales”, as described above. Oversight notes this proposed legislation puts forth, for Tax Year 2021, an additional rate reduction equal to fourteen-hundredths of one percent (.14%) that is **not** tied to the increase/decrease in sales and use tax revenues recognized, in which the rate reductions for Tax Year 2022 and Tax Year 2023 are. Thus, the top individual income tax rate would remain at 5.16% for Tax Year 2021 across all ranges reported above. Oversight shows the top individual income tax rate reduction per measure below:

Proposed Tax Year 2021 Rate Explained	
Tax Year 2020 Rate	5.4%
Less - SB 509 (2014) (.1%)	5.3%
Less - Proposed Legislation (.14%)	5.16%

ASSUMPTION (continued)

Oversight notes, for Tax Year 2022, B&P has calculated the “Proposal - Low Sales” including a one-tenth of one percent (.1%) reduction currently permitted under current law (SB 509 - 2014) from the proposed Tax Year 2021 tax rate (5.16%) plus a rate **increase** equal to two-hundredths of one percent (.02%) to equate a top individual income tax rate, for Tax Year 2022 (Low), equal to 5.08%. Oversight shows the change in the top individual income tax rate per measure below:

Tax Year 2022 "Low" Rate Explained	
Tax Year 2021 Rate (estimated)	5.16%
Less - SB 509 (2014) (.1%)	5.06%
Plus - Proposed Legislation (.02%)	5.08%

Oversight assumes, if the “Proposal - Low Sales” for Tax Year 2022 occurs, the total sales and use tax revenues received from October 1, 2020 to September 30, 2021, less one hundred thirty million dollars (\$130,000,000) **did not** prove to produce an additional eighteen million dollars (\$18,000,000) over the total sales and use tax revenue received from October 1, 2019 to September 30, 2020, increased by two and eight-tenths percent (2.8%). Rather, the total sales and use tax revenues received from October 1, 2020 to September 30, 2021, less one hundred thirty million dollars (\$130,000,000) proved to be less than the total sales and use tax revenues received from October 1, 2019 to September 30, 2020, increased by two and eight-tenths percent (2.8%), by an amount greater than eighteen million dollars (\$18,000,000) but less than thirty-six million dollars (\$36,000,000) resulting in an **increase** in the top individual income tax rate equal to two-hundredths of one percent (.02%).

Oversight notes, for Tax Year 2022, B&P has calculated the “Proposal - Mid Sales” including a one-tenth of one percent (.1%) reduction currently permitted under current law (SB 509 - 2014) from the proposed Tax Year 2021 tax rate (5.16%) and no additional rate reduction, as put forth by this proposed legislation to equate a top individual income tax rate, for Tax Year 2022 (Mid-Range), equal to 5.06%. Oversight shows the change in the top individual income tax rate per measure below:

Tax Year 2022 "Mid" Rate Explained	
Tax Year 2021 Rate (estimated)	5.16%
Less - SB 509 (2014) (.1%)	5.06%
No Trigger Met Under Proposed Legislation	5.06%

Oversight assumes, if the “Proposal Mid Sales” for Tax Year 2022 occurs, the total sales and use tax revenues received from October 1, 2020 to September 30, 2021, less one hundred thirty million dollars (\$130,000,000) did not prove to produce an additional eighteen million dollars

ASSUMPTION (continued)

(\$18,000,000) over the total sales and use tax revenue received from October 1, 2019 to September 30, 2020, increased by two and eight-tenths percent (2.8%) **and** the total sales and use tax revenues received from October 1, 2020 to September 30, 2021, less one hundred thirty million dollars (\$130,000,000) did not prove to be less than the total sales and use tax revenues received from October 1, 2019 to September 30, 2020, increased by two and eight-tenths percent (2.8%), by eighteen million dollars (\$18,000,000).

Oversight notes, for Tax Year 2022, B&P has calculated the “Proposal - High Sales” including a one-tenth of one percent (.1%) reduction currently permitted under current law (SB 509 - 2014) from the proposed Tax Year 2021 tax rate (5.16%) plus an additional rate **reduction** equal to two-hundredths of one percent (.02%) to equate a top individual income tax rate, for Tax Year 2022 (High), equal to 5.04%. Oversight shows the change in the top individual income tax rate per measure below:

Tax Year 2022 "High" Rate Explained	
Tax Year 2021 Rate (estimated)	5.16%
Less - SB 509 (2014) (.1%)	5.06%
Less - Proposed Legislation (.02%)	5.04%

Oversight assumes, if the “Proposal - High Sales” for Tax Year 2022 occurs, the total sales and use tax revenues received from October 1, 2020 to September 30, 2021, less one hundred thirty million dollars (\$130,000,000) **did** prove to produce additional revenues greater than eighteen million dollars (\$18,000,000) but less than thirty-six million dollars (\$36,000,000) over the total sales and use tax revenue received from October 1, 2019 to September 30, 2020, increased by two and eight-tenths percent (2.8%).

Oversight notes, for Tax Year 2023, B&P has calculated the “Proposal - Low Sales” including a (final) one-tenth of one percent (.1%) reduction currently permitted under current law (SB 509 - 2014) from the proposed Tax Year 2021 tax rate (5.16%) plus an additional rate **reduction** equal to two-hundredths of one percent (.02%) to equate a top individual income tax rate, for Tax Year 2023 (Low), equal to 5.04%. Oversight shows the change in the top individual income tax rate per measure below:

Tax Year 2023 "Low" Rate Explained	
Tax Year 2021 Rate (estimated)	5.16%
Less - SB 509 (2014) (.1%) (final reduction)	5.06%
Less - Proposed Legislation (.02%)	5.04%

ASSUMPTION (continued)

Oversight assumes, if the “Proposal - Low Sales” for Tax Year 2023 occurs, the total sales and use tax revenues received from October 1, 2020 to September 30, 2022, divided by two (2), less one hundred thirty million dollars (\$130,000,000) **did** prove to produce additional revenues greater than eighteen million dollars (\$18,000,000) but less than thirty-six million dollars (\$36,000,000) over the total sales and use tax revenue received from October 1, 2019 to September 30, 2020, increased by two and eight-tenths percent (2.8%).

Oversight notes, for Tax Year 2023, B&P has calculated the “Proposal - Mid Sales” including a (final) one-tenth of one percent (.1%) reduction currently permitted under current law (SB 509 - 2014) from the proposed Tax Year 2021 tax rate (5.16%) plus an additional rate **reduction** equal to four-hundredths of one percent (.04%) [.02% * 2] to equate a top individual income tax rate, for Tax Year 2023 (Mid Range), equal to 5.02%. Oversight shows the change in the top individual income tax rate per measure below:

Tax Year 2023 "Mid - Range" Rate Explained	
Tax Year 2021 Rate (estimated)	5.16%
Less - SB 509 (2014) (.1%) (final reduction)	5.06%
Less - Proposed Legislation (.02%)*2	5.02%

Oversight assumes, if the “Proposal - Mid Sales” for Tax Year 2023 occurs, the total sales and use tax revenues received from October 1, 2020 to September 30, 2022, divided by two (2), less one hundred thirty million dollars (\$130,000,000) **did** prove to produce additional revenues greater than thirty-six million dollars (\$36,000,000) but less than fifty-four million dollars (\$54,000,000) over the total sales and use tax revenue received from October 1, 2019 to September 30, 2020, increased by two and eight-tenths percent (2.8%).

Oversight notes, for Tax Year 2023, B&P has calculated the “Proposal - High Sales” including a (final) one-tenth of one percent (.1%) reduction currently permitted under current law (SB 509 - 2014) from the proposed Tax Year 2021 tax rate (5.16%) plus an additional rate **reduction** equal to eight-hundredths of one percent (.08%) [.02% * 4] to equate a top individual income tax rate, for Tax Year 2023 (High), equal to 4.98%. Oversight shows the change in the top individual income tax rate per measure below:

Tax Year 2023 "High" Rate Explained	
Tax Year 2021 Rate (estimated)	5.16%
Less - SB 509 (2014) (.1%) (final reduction)	5.06%
Less - Proposed Legislation (.02%)*4	4.98%

ASSUMPTION (continued)

Oversight assumes, if the “Proposal - High Sales” for Tax Year 2023 occurs, the total sales and use tax revenues received from October 1, 2020 to September 30, 2022, divided by two (2), less one hundred thirty million dollars (\$130,000,000) **did** prove to produce additional revenues greater than seventy-two million dollars (\$72,000,000) but less than ninety million dollars (\$90,000,000) over the total sales and use tax revenue received from October 1, 2019 to September 30, 2020, increased by two and eight-tenths percent (2.8%).

B&P notes that Paragraph 143.011.4© requires that the rate change calculated for Tax Year 2023 be taken from the top tax rate in Tax Year 2021. This will effectively negate all changes to the top tax rate that occurred during Tax Year 2022, including the 0.1% reduction under Subsection 2 (i.e. SB 509 (2014)) in the event that the reduction is triggered by net general revenue growth.

Accounting for the changes in individual income tax law created by SB 509 (2014), HB 2540 (2018) and the TCJA (2017), B&P estimates that this section could reduce TSR and GR by \$130.4 million in Tax Year 2021. Once fully implemented in Tax Year 2023, this section could reduce income taxes by \$8.1 million to \$111.1 million annually, depending on the amount of future sales tax growth. The following tables show the estimated impacts by tax year.

Table 4: Impact from Income Tax Reductions by Tax Year

Tax Year	Low Sales	Mid Sales	High Sales
2021	(\$130,350,416)	(\$130,350,416)	(\$130,350,416)
2022	(\$110,905,465)	(\$129,389,709)	(\$147,873,953)
2023	(\$8,115,673)	(\$26,599,917)	(\$111,054,406)

However, because this proposal would take effect January 1, 2021 individuals will adjust their withholdings and declarations during Fiscal Year 2020. B&P notes that based on historical income tax collections, B&P adjusts tax year income tax impacts to reflect 42% of the impact in the first fiscal year (from changes in withholding and declarations) and 58% of the impact in the second fiscal year (from changes in withholding, declarations, and final remittance payments).

Therefore, B&P estimates that this section could reduce TSR and GR by \$54.7 million in Fiscal Year 2021. Once fully implemented in Fiscal Year 2024, this section could reduce income taxes by \$8.1 million to \$111.1 million annually, depending on the amount of future sales tax growth. The following tables show the estimated impacts by fiscal year.

ASSUMPTION (continued)

Table 5: Impact from Income Tax Reductions by Fiscal Year

Fiscal Year	Low Sales	Mid Sales	High Sales
2021	(\$54,747,175)	(\$54,747,175)	(\$54,747,175)
2022	(\$122,183,537)	(\$129,946,919)	(\$137,710,302)
2023	(\$67,733,752)	(\$86,217,996)	(\$132,409,743)
2024	(\$8,115,673)	(\$26,599,917)	(\$111,054,406)

Oversight notes B&P has used a 42%/58% split when converting the estimated calendar year impact into a fiscal year impact. Oversight provides the calendar year/fiscal year split equations below (example is for the “Low Sales Estimate)

Tax Year = January 1 - December 31		Equations for Split	Fiscal Year = July 1 - June 30	
Calendar Year	Calendar Year Impact	Equations	Fiscal Year	Fiscal Year Impact
2021	(\$130,350,416)	$\$130,350,416 * 42\%$	2021	(\$54,747,175)
2022	(\$110,905,465)	$(\$130,350,416) * 58\% + (\$110,905,465) * 42\%$	2022	(\$122,183,536.58)
2023	(\$8,115,673)	$(\$110,905,465) * 58\% + (\$8,115,673) * 42\%$	2023	(\$67,733,752.36)
-	-	$(\$8,115,673) * 58\% + (\$8,115,673) * 42\%$	2024	(\$8,115,673)

Officials from **DOR** state this proposal in Section 143.011.4 (1) would create an additional 0.14% reduction in the top rate of tax, beginning tax year 2021.

DOR notes the current projected Individual Income Tax Rate is calculated with SB 509 (2014) and HB 2540 (2018) as follows:

- Tax Year 2018 it was 5.9% (.1% reduction from SB 509)
- Tax Year 2019 it was 5.4% (.1% reduction from SB 509 + .4% reduction from HB 2540)
- Tax Year 2020 it is 5.4% (no reductions)
- Tax Year 2021 will be 5.3% (.1% reduction from SB 509)
- Tax Year 2022 will be 5.2% (.1% reduction from SB 509)
- Tax Year 2023 will be 5.1% (last .1% reduction from SB 509)

This proposal, in Section 143.011(2), would allow for an additional reduction or increase in the individual income tax rate during Tax Year 2022 and Tax Year 2023 based on the amount of state sales and use tax collected. For each additional \$18 million in total state sales and use tax collected from October 1, 2020 to September 30, 2021 minus \$130 million that exceeds 2.8% increase from the previous year, the top tax rate shall be reduced two-hundredths of one percent (0.02%). If the amount collected minus \$130 million fails to surpass the 2.8% then the rate would increase by the two-hundredths of one percent (0.02%)

ASSUMPTION (continued)

For Tax Year 2023 for every additional \$18 million in total state sales and use tax collected from October 1, 2020 to September 30, 2022 divided in half, minus \$130 million, that exceeds 2.8% increase from October 1, 2019 to September 30, 2020, the top tax rate shall be reduced two-hundredths of one percent (0.02%). If the amount collected minus \$130 million, fails to surpass the 2.8% then the rate would increase by the two-hundredths of one percent (0.02%).

Due to the \$18 million trigger established for increasing/decreasing the tax rate, B&P and DOR decided to run the calculation using the low point, midpoint and the high point of the projected sales and use tax collected.

Estimated Use Tax Collections from Online Sales by Calendar Year.

Calendar Year	2021			2022		
	Low	Mid	High	Low	Mid	High
GR(3% GR Tax)	\$71,160,754	\$89,939,286	\$108,717,818	\$75,248,621	\$95,105,896	\$114,963,171
GR (1% SDTF Tax)	\$23,720,251	\$29,979,762	\$36,239,273	\$25,082,874	\$31,701,966	\$38,321,057
TotalGR	\$94,881,005	\$119,919,048	\$144,957,091	\$100,331,495	\$126,807,862	\$153,284,228
Conservation	\$2,965,031	\$3,747,470	\$4,529,909	\$3,135,359	\$3,962,746	\$4,790,132
Parks, Soil, Water	\$2,372,025	\$2,997,976	\$3,623,927	\$2,508,287	\$3,170,197	\$3,832,106
TSR (4.225% sales tax)	\$100,218,061	\$126,664,494	\$153,110,927	\$105,975,141	\$133,940,805	\$161,906,466
Local* (Pop Weighted Rate 1.385%)	\$36,826,526	\$46,544,637	\$56,262,748	\$38,942,045	\$49,218,419	\$59,494,792

*Section 144.637.3 requires that the lowest combined tax rate within a zip code be used to determine local sales tax due. This may lower the actual local tax collections

ASSUMPTION (continued)

Estimated Use Tax Collections from Online Sales by Calendar Year (continued)

Calendar Year	2023			2024		
	Low	Mid	High	Low	Mid	High
GR (3% GR Tax)	\$78,235,655	\$98,881,175	\$119,526,695	\$80,582,724	\$101,847,610	\$123,112,496
GR (1% SDTF Tax)	\$26,078,552	\$32,960,392	\$39,842,232	\$26,860,908	\$33,949,204	\$41,037,499
Total GR	\$104,314,207	\$131,841,567	\$159,368,927	\$107,443,632	\$135,796,814	\$164,149,995
Conservation	\$3,259,819	\$4,120,049	\$4,980,279	\$3,357,614	\$4,243,651	\$5,129,687
Parks, Soil, Water	\$2,607,855	\$3,296,039	\$3,984,223	\$2,686,091	\$3,394,921	\$4,103,750
TSR (4.225% sales tax)	\$110,181,881	\$139,257,655	\$168,333,429	\$113,487,337	\$143,435,386	\$173,383,432
Local* (Pop Weighted Rate 1.385%)	\$40,487,870	\$51,172,170	\$61,856,469	\$41,702,507	\$52,707,335	\$63,712,163

*Section 144.637.3 requires that the lowest combined tax rate within a zip code be used to determine local sales tax due. This may lower the actual local tax collections

Estimated Use Tax Collections from Online Sales by Fiscal Year

Fiscal Year	2021			2022		
	Low	Mid	High	Low	Mid	High
GR (3% GR Tax)	\$35,580,377	\$44,969,643	\$54,358,909	\$73,204,688	\$92,522,592	\$111,840,495
GR (1% SDTF Tax)	\$11,860,126	\$14,989,882	\$18,119,637	\$24,401,563	\$30,840,864	\$37,280,165
Total GR	\$47,440,503	\$59,959,525	\$72,478,546	\$97,606,251	\$123,363,456	\$149,120,660
Conservation	\$1,482,516	\$1,873,736	\$2,264,955	\$3,050,195	\$3,855,108	\$4,660,021
Parks, Soil, Water	\$1,186,013	\$1,498,989	\$1,811,964	\$2,440,156	\$3,084,087	\$3,728,017
TSR (4.225% sales tax)	\$50,109,032	\$63,332,250	\$76,555,465	\$103,096,602	\$130,302,651	\$157,508,698
Local* (Pop Weighted Rate 1.385%)	\$18,413,263	\$23,272,319	\$28,131,374	\$37,884,286	\$47,881,528	\$57,878,770

*Section 144.637.3 requires that the lowest combined tax rate within a zip code be used to determine local sales tax due. This may lower the actual local tax collections

ASSUMPTION (continued)

Estimated Use Tax Collections from Online Sales by Fiscal Year (continued)

Fiscal Year	2023			2024		
	Low	Mid	High	Low	Mid	High
GR(3% GR Tax)	\$76,742,138	\$96,993,536	\$117,244,933	\$79,409,190	\$100,364,393	\$121,319,596
GR (1% SDTF Tax)	\$25,580,713	\$32,331,179	\$39,081,645	\$26,469,730	\$33,454,798	\$40,439,866
TotaGR	\$102,322,851	\$129,324,715	\$156,326,578	\$105,878,920	\$133,819,191	\$161,759,462
Conservation	\$3,197,589	\$4,041,398	\$4,885,206	\$3,308,717	\$4,181,850	\$5,054,983
Parks, Soil, Water	\$2,558,071	\$3,233,118	\$3,908,165	\$2,646,973	\$3,345,480	\$4,043,987
TSR (4.225% sales tax)	\$108,078,511	\$136,599,231	\$165,119,949	\$111,834,610	\$141,346,521	\$170,858,432
Local* (Pop Weighted Rate 1.385%)	\$39,714,958	\$50,195,295	\$60,675,631	\$41,095,189	\$51,939,753	\$62,784,316

*Section 144.637.3 requires that the lowest combined tax rate within a zip code be used to determine local sales tax due. This may lower the actual local tax collections

Oversight notes the amounts applicable to the “Mid” column is the mid point between the low estimates and the high estimate (ex. - Fiscal Year 2023 - \$76,742,138 + (\$117,244,933 - \$76,742,138 / 2) or \$117,244,933 - (\$117,244,933 - \$76,752,138 / 2).

DOR notes this proposal requires the income tax rate to be adjusted based on the amount of incoming revenue and projected future revenue. This proposal requires the new rate reductions to be decreased or increased off the 2021 income tax rate which would then be reduced by that year's SB 509 reduction. B&P and DOR estimated the potential new tax rates as follows:

Tax Year	Current Law	Reduction - Low	Estimated New Rate - Low	Reduction Mid Range	Estimated New Rate - Mid Range	Reduction High	Estimated New Rate - High
2021	5.30%	0.14%	5.16%	0.14%	5.16%	0.14%	5.16%
2022	5.20%	-0.02%	5.08%	0.00%	5.06%	0.02%	5.04%
2023	5.10%	0.02%*	5.04%	0.04%*	5.02%	0.08%*	4.98%

*Reduction off the 2021 rate and the impact assumes SB 509 is triggered annually

ASSUMPTION (continued)

DOR used its internal Income Tax Model that contains confidential taxpayer data to calculate the fiscal impact.

Impact from Income Tax Reductions by Tax Year

Tax Year	Low Sales	Mid Sales	High Sales
2021	(\$130,350,416)	(\$130,350,416)	(\$130,350,416)
2022	(\$110,905,465)	(\$129,389,709)	(\$147,873,953)
2023	(\$8,115,673)	(\$26,599,917)	(\$111,054,406)

Impact from Income Tax Reductions by Fiscal Year

Fiscal Year	Low Sales	Mid Sales	High Sales
2021	(\$54,747,175)	(\$54,747,175)	(\$54,747,175)
2022	(\$122,183,537)	(\$129,946,919)	(\$137,710,302)
2023	(\$67,733,752)	(\$86,217,996)	(\$132,409,743)
2024	(\$8,115,673)	(\$26,599,917)	(\$111,054,406)

B&P Summary of Proposed Legislation

B&P estimates that this proposal could reduce TSR by \$4.6 million and GR by \$7.3 million during Fiscal Year 2021 if online use tax collections are low. If online use tax collections are high, this proposal could increase TSR by \$21.8 million and GR by \$17.7 million in Fiscal Year 2021.

Once fully implemented (Fiscal Year 2024), this proposal could decrease TSR by \$18.1 million and GR by \$24.1 million annually, if online use tax collections are low. If online use tax collections are high, this proposal could decrease TSR by \$53.7 million and GR by \$62.8 million annually beginning in Fiscal Year 2024. The following table shows the summary impact to TSR and GR from this proposal.

ASSUMPTION (continued)

Table 6: Summary of GR Impact by Fiscal Year

Fund	2021			2022		
	Low	Mid	High	Low	Mid	High
Online Use Tax	\$47,440,503	\$59,959,525	\$72,478,546	\$97,606,251	\$123,363,456	\$149,120,660
Income Tax Rate Reduction	(\$54,747,175)	(\$54,747,175)	(\$54,747,175)	(\$122,183,537)	(\$129,946,919)	(\$137,710,302)
Total GR	(\$7,306,672)	\$5,212,350	\$17,731,371	(\$24,577,286)	(\$6,583,463)	\$11,410,358
Conservation	\$1,482,516	\$1,873,736	\$2,264,955	\$3,050,195	\$3,855,108	\$4,660,021
Parks, Soil, Water	\$1,186,013	\$1,498,989	\$1,811,964	\$2,440,156	\$3,084,087	\$3,728,017
Net TSR Impact	(\$4,638,143)	\$8,585,075	\$21,808,290	(\$19,086,935)	\$355,732	\$19,798,396
Local*	\$18,413,263	\$23,272,319	\$28,131,374	\$37,884,286	\$47,881,528	\$57,878,770

*Section 144.605.1(2)(g) requires local use tax collections under this proposal be voter approve.
 *Section 144.637.3 requires that the lowest combined tax rate within a zip code be used to determine local sales tax due. This may lower the actual local tax collections.

Table 6 (continued): Summary of GR Impact by Fiscal Year

Calendar Year	2023			2024		
	Low	Mid	High	Low	Mid	High
Online Use Tax	\$102,322,851	\$129,324,715	\$156,326,578	\$105,878,920	\$133,819,191	\$161,759,462
Income Tax Rate Reduction	(\$67,733,752)	(\$86,217,996)	(\$132,409,743)	(\$8,115,673)	(\$26,599,917)	(\$111,054,406)
Total GR	\$34,589,099	\$43,106,719	\$23,916,835	\$97,763,247	\$107,219,274	\$50,705,056
Conservation	\$3,197,589	\$4,041,398	\$4,885,206	\$3,308,717	\$4,181,850	\$5,054,983
Parks, Soil, Water	\$2,558,071	\$3,233,118	\$3,908,165	\$2,646,973	\$3,345,480	\$4,043,987
Net TSR Impact	\$40,344,759	\$50,381,235	\$32,710,206	\$103,718,937	\$114,746,604	\$59,804,026
Local*	\$39,714,958	\$50,195,295	\$60,675,631	\$41,095,189	\$51,939,753	\$62,784,316

*Section 144.605.1(2)(g) requires local use tax collections under this proposal be voter approve.
 *Section 144.637.3 requires that the lowest combined tax rate within a zip code be used to determine local sales tax due. This may lower the actual local tax collections.

ASSUMPTION (continued)

B&P notes that the online use tax estimates reflect the full potential revenue and do not include adjustments for implementation timing or business compliance. Therefore, the actual revenue collected in earlier years may be significantly lower than the estimated amount.

DOR Summary of Proposed Legislation

Combining the incoming sales tax revenue with the income tax rate reduction could result in the following impact by Fiscal Year.

Fund	2021		
	Low	Mid	High
Online Sales Tax	\$47,440,503	\$59,959,525	\$72,478,546
Income Tax Rate Reduction	(\$54,747,175)	(\$54,747,175)	(\$54,747,175)
Total GR	(\$7,306,672)	\$5,212,350	\$17,731,371
Conservation	\$1,482,516	\$1,873,736	\$2,264,955
Parks, Soil, Water	\$1,186,013	\$1,498,989	\$1,811,964
Net TSR Impact	(\$4,638,143)	\$8,585,075	\$21,808,290
Local*	\$18,413,263	\$23,272,319	\$28,131,374

*Section 144.637.3 requires that the lowest combined tax rate within a zip code be used to determine local sales tax due. This may lower the actual local tax collections.

Fund	2022		
	Low	Mid	High
Online Sales Tax	\$97,606,251	\$123,363,456	\$149,120,660
Income Tax Rate Reduction	(\$122,183,537)	(\$129,946,919)	(\$137,710,302)
Total GR	(\$24,577,286)	(\$6,583,463)	\$11,410,358
Conservation	\$3,050,195	\$3,855,108	\$4,660,021
Parks, Soil, Water	\$2,440,156	\$3,084,087	\$3,728,017
Net TSR Impact	(\$19,086,935)	\$355,732	\$19,798,396
Local*	\$37,884,286	\$47,881,528	\$57,878,770

*Section 144.637.3 requires that the lowest combined tax rate within a zip code be used to determine local sales tax due. This may lower the actual local tax collections

ASSUMPTION (continued)

Calendar Year	2023		
	Low	Mid	High
Online Sales Tax	\$102,322,851	\$129,324,715	\$156,326,578
Income Tax Rate Reduction	(\$67,733,752)	(\$86,217,996)	(\$132,409,743)
Total GR	\$34,589,099	\$43,106,719	\$23,916,835
Conservation	\$3,197,589	\$4,041,398	\$4,885,206
Parks, Soil, Water	\$2,558,071	\$3,233,118	\$3,908,165
Net TSR Impact	\$40,344,759	\$50,381,235	\$32,710,206
Local*	\$39,714,958	\$50,195,295	\$60,675,631

*Section 144.637.3 requires that the lowest combined tax rate within a zip code be used to determine local sales tax due. This may lower the actual local tax collections

Calendar Year	2024		
	Low	Mid	High
Online Sales Tax	\$105,878,920	\$133,819,191	\$161,759,462
Income Tax Rate Reduction	(\$8,115,673)	(\$26,599,917)	(\$111,054,406)
Total GR	\$97,763,247	\$107,219,274	\$50,705,056
Conservation	\$3,308,717	\$4,181,850	\$5,054,983
Parks, Soil, Water	\$2,646,973	\$3,345,480	\$4,043,987
Net TSR Impact	\$103,718,937	\$114,746,604	\$59,804,026
Local*	\$41,095,189	\$51,939,753	\$62,784,316

*Section 144.637.3 requires that the lowest combined tax rate within a zip code be used to determine local sales tax due. This may lower the actual local tax collections

Officials from the **Joint Committee on Administrative Rules (JCAR)** assume this proposal is not anticipated to cause a fiscal impact beyond current appropriations.

Oversight assumes JCAR will be able to administer any rules resulting from this proposal with existing resources.

ASSUMPTION (continued)

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials from the **Missouri Department of Transportation (MoDOT)** deferred to DOR to estimate the fiscal impact(s) of this proposed legislation.

Oversight does not assume this proposed legislation would impact MoDot. Therefore, for purposes of this fiscal note, Oversight will report a zero fiscal impact for this organization.

FISCAL IMPACT -
State Government

FY 2021
 (6 Mo.)

FY 2022

FY 2023

Fully
 Implemented
 (FY 2024)

GENERAL
REVENUE FUND

Revenue Gain -

Section(s) 144.605, 144.701 & 144.752 - Online Use Tax Collections p. 9	Less than \$47,440,503 to \$59,959,525 to \$72,478,546	Less than \$97,606,251 to \$123,363,456 to \$149,120,660	Less than \$102,322,851 to \$129,324,715 to \$156,326,578	Less than \$105,878,920 to \$133,819,191 to \$161,759,462
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Revenue Reduction -

Section 143.011 - Individual Income Tax Rate Change p. 23, 31		(\$122,183,537) to (\$129,946,919) to (\$137,710,302)	(\$67,733,752) to (\$86,217,996) to (\$132,409,743)	(\$8,115,673) to (\$26,599,917) to (\$111,054,406)
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Cost - Section

144.637 - DOR Tax Database	(Greater than \$1,000,000)	(Unknown)	(Unknown)	(Unknown)
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Cost - Section

144.605, 144.701 & 144.752 - DOR Personal Services Fringe Benefits Equipment and Expense Postage and Printing Total Cost p. 13-14 FTE Change - DOR	(\$983,640) (\$643,467) (\$243,804) (\$100,000) (Greater than \$1,970,911) 33 FTE	(\$1,192,172) (\$776,080) \$0 (Unknown) (Could exceed \$1,968,252) 33 FTE	(\$1,204,093) (\$780,039) \$0 (Unknown) (Could exceed \$1,984,132) 33 FTE	(\$1,216,134) (\$784,038) \$0 (Unknown) (Could exceed (2,000,172) 33 FTE
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**ESTIMATED NET
EFFECT ON
GENERAL
REVENUE FUND**

<u>(Greater than</u>	<u>(Could exceed</u>	<u>Less than</u>	<u>Less than</u>
<u>\$10,277,583) to</u>	<u>\$26,545,538) to</u>	<u>\$32,604,967 to</u>	<u>\$95,763,075 to</u>
<u>\$2,241,439 to</u>	<u>(\$8,551,715) to</u>	<u>\$41,122,587 to</u>	<u>\$105,219,102 to</u>
<u>\$14,760,460</u>	<u>\$9,442,106</u>	<u>\$21,932,703</u>	<u>\$48,704,884</u>

<u>FISCAL IMPACT -</u> <u>State Government</u> (continued)	FY 2021 (6 Mo.)	FY 2022	FY 2023	Fully Implemented (FY 2024)
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**CONSERVATION
 COMMISSION
 FUND (0609)**

<u>Revenue Gain -</u> Section(s) 144.605, 144.701 & 144.752 - Online Use Tax Collections p. 9	Less than \$1,482,516 to \$1,873,736 to <u>\$2,264,955</u>	Less than \$3,050,195 to \$3,855,108 to <u>\$4,660,021</u>	Less than \$3,197,589 to \$4,041,398 to <u>\$4,885,206</u>	Less than \$3,308,717 to \$4,181,850 to <u>\$5,054,983</u>
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**ESTIMATED NET
 EFFECT ON
 CONSERVATION
 COMMISSION
 FUND**

<u>Less than</u> <u>\$1,482,516 to</u> <u>\$1,873,736 to</u> <u>\$2,264,955</u>	<u>Less than</u> <u>\$3,050,195 to</u> <u>\$3,855,108 to</u> <u>\$4,660,021</u>	<u>Less than</u> <u>\$3,197,589 to</u> <u>\$4,041,398 to</u> <u>\$4,885,206</u>	<u>Less than</u> <u>\$3,308,717 to</u> <u>\$4,181,850 to</u> <u>\$5,054,983</u>
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**PARKS AND
 SOILS STATE
 SALES TAX
 FUND(S) (0613 &
 0614) p. 9**

<u>Revenue Gain -</u> Section(s) 144.605, 144.701 & 144.752 - Online Use Tax Collections	Less than \$1,186,013 to \$1,498,989 to <u>\$1,811,964</u>	Less than \$2,440,156 to \$3,084,087 to <u>\$3,728,017</u>	Less than \$2,558,071 to \$3,233,118 to <u>\$3,908,165</u>	Less than \$2,646,973 to \$3,345,480 to <u>\$4,043,987</u>
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**ESTIMATED NET
 EFFECT ON
 PARKS AND
 SOILS STATE
 SALES TAX
 FUND(S)**

<u>Less than</u> <u>\$1,186,013 to</u> <u>\$1,498,989 to</u> <u>\$1,811,964</u>	<u>Less than</u> <u>\$2,440,156 to</u> <u>\$3,084,087 to</u> <u>\$3,728,017</u>	<u>Less than</u> <u>\$2,558,071 to</u> <u>\$3,233,118 to</u> <u>\$3,908,165</u>	<u>Less than</u> <u>\$2,646,973 to</u> <u>\$3,345,480 to</u> <u>\$4,043,987</u>
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<u>FISCAL IMPACT -</u>				Fully
<u>Local Government</u>	FY 2021	FY 2022	FY 2023	Implemented
	(6 Mo.)			(FY 2024)

**LOCAL
 POLITICAL
 SUBDIVISIONS**

<u>Revenue Gain -</u>				
Section(s) 144.605, 144.701 & 144.752 -	\$0 or less than \$18,413,263 to	\$0 or less than \$37,884,286 to	\$0 or less than \$39,714,958 to	\$0 or less than \$41,095,189 to
Online Use Tax	\$23,272,319 to	\$47,881,528 to	\$50,195,295 to	\$51,939,753 to
Collections p. 9	<u>\$28,131,374</u>	<u>\$57,878,770</u>	<u>\$60,675,631</u>	<u>\$62,784,316</u>

ESTIMATED NET

EFFECT ON	<u>\$0 or less than</u>	<u>\$0 or less than</u>	<u>\$0 or less than</u>	<u>\$0 or less than</u>
LOCAL	<u>\$18,413,263 to</u>	<u>\$37,884,286 to</u>	<u>\$39,714,958 to</u>	<u>\$41,095,189 to</u>
POLITICAL	<u>\$23,272,319 to</u>	<u>\$47,881,528 to</u>	<u>\$50,195,295 to</u>	<u>\$51,939,753 to</u>
SUBDIVISIONS	<u>\$28,131,374</u>	<u>\$57,878,770</u>	<u>\$60,675,631</u>	<u>\$62,784,316</u>

FISCAL IMPACT - Small Business

The collection of use tax from out-of-state sellers could even the playing field for local in-state small businesses; therefore, they could experience revenue growth. Out-of-state small businesses would be required to collect and remit the tax to the Missouri Department of Revenue; increasing their administrative costs and decreasing their net revenues. (Section(s) 144.605, 144.701 & 144.752)

FISCAL DESCRIPTION

This bill reduces the top income tax rate 0.14% on January 1, 2021. Additionally, beginning with the 2022 calendar year this bill will allow the income tax rate to adjust for a period of two years: (1) For the 2022 calendar year, for every additional \$18 million in sales and use tax revenue received from October 1, 2020, to September 30, 2021, less \$130 million, exceeds a 2.8% increase in sales and use tax revenue received from October 1, 2019, to September 30, 2020, the top tax rate will be reduced 0.02% from its 2021 rate. For every \$18 million in sales and use tax revenue received from October 1, 2020, to September 30, 2021, less \$130 million, fails to equal a 2.8% increase in sales and use tax revenue received from October 1, 2019, to September 30, 2020, the top tax rate will be increased 0.02% from its 2021 rate. (2) Beginning with the 2023 calendar year, for every additional \$18 million by which half of the sales and use tax revenue received from

FISCAL DESCRIPTION (continued)

October 1, 2020, to September 30, 2022, less \$130 million, exceeds a 2.8% increase in sales and use tax revenue received from October 1, 2019, to September 30, 2020, the top tax rate will be reduced 0.02% from its 2021 rate. For every \$18 million by which half of the sales and use tax revenue received from October 1, 2020, to September 30, 2022, fails to equal a 2.8% increase in sales and use tax revenue received from October 1, 2019, to September 30, 2020, the top tax rate will be increased 0.02% from its 2021 rate (Section 143.011, RSMo).

ECONOMIC NEXUS

Beginning January 1, 2021, this bill provides that a vendor also engages in business activities in this state if a vendor during a 12 month period meets the following criteria: (1) Has cumulative gross receipts of at least \$100,000 from the sale of tangible personal property to purchasers for the purpose of storage, use, or consumption in this state; and (2) Does not have a physical presence within the state and the associated sales occurred with use of the Internet (Section 144.605).

TAXING JURISDICTION DATABASE

This bill requires the Director of the Department of Revenue to provide and maintain a downloadable electronic database at no cost to the user for taxing jurisdiction boundary changes and tax rates. Such databases may be directly provided by the director, or may be provided by a third party as designated by the director. Vendors will not be liable for reliance upon erroneous data provided by the director on tax rates, boundaries, or taxing jurisdiction assignments (Section 144.637).

MARKETPLACE FACILITATORS

By January 1, 2021, marketplace facilitators, as defined in the bill, that meet the use tax economic nexus threshold established in the bill must register with the Department of Revenue to collect and remit use tax on sales made into the state through the marketplace facilitator's marketplace by or on behalf of a marketplace seller, as defined in the bill. These retail sales will include those made directly by the marketplace facilitator as well as those made by marketplace sellers through the marketplace facilitator's marketplace, as defined in the bill. Marketplace facilitators properly collecting and remitting use tax in a timely manner will be eligible for any discount provided for currently. Marketplace facilitators must provide purchasers with a statement or invoice showing that the use tax was collected and will be remitted on the purchaser's behalf (Section 144.752).

OTHER PROVISIONS OF THE BILL

Any department that has the Constitutional authority to collect sales and use tax under Article IV of the Constitution of Missouri may remit any new revenue collected under the provisions of the bill to the General Revenue Fund (Section 144.605). The bill specifies that new revenue collected under the provisions of the bill that would be deposited into the school district trust fund will now be deposited into the state General Revenue Fund (Section 144.701).

This bill specifies that any vendor meeting the provisions of the economic nexus, as defined in the bill, with the state of Missouri, will not be subject to use taxes of a political subdivision in this state unless the use tax is approved or reapproved by the voters of the political subdivision (Section 144.605).

Ballot language for approval or reapproval by the voters of the political subdivision is included in this bill (Section 144.757).

This bill has a nonseverability clause.

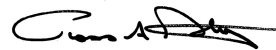
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration - Budget & Planning Division
Missouri Department of Revenue
Missouri Department of Conservation
Missouri Department of Natural Resources
City of Springfield
Joint Committee on Administrative Rules
Missouri Secretary of State's Office
Missouri Department of Transportation



Julie Morff
Director
February 12, 2020



Ross Strope
Assistant Director
February 12, 2020