

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1424H.02C  
Bill No.: HCS for HB 805  
Subject: Taxation and Revenue - General; Counties; Taxation and Revenue - Sales and Use  
Type: Original  
Date: March 7, 2021

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Bill Summary: This proposal modifies provisions relating to the recreation sales tax for certain counties.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: () indicate costs or losses.

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

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
<b>Local Government*</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*Oversight assumes this proposal simply modifies the definition of Bollinger County and Cape Girardeau County in existing statute language. Oversight notes Section 67.782 was originally passed in 1987 and was updated in 1990 and 1991. The current sales tax rate for Bollinger County is 1.625% and Cape Girardeau County is 1.00%. If approved by voters, an additional 1% tax could generate roughly \$550,000 in Bollinger County and \$14.7 million in Cape Girardeau County.

The HCS removes the provision that both counties must jointly impose the tax. This could make it easier to pass the measure.

## FISCAL ANALYSIS

### ASSUMPTION

In response to the previous version of this proposal, officials from the **Office of Administration – Budget & Planning (B&P)** assumed the proposal allows voters in the County of Osage to vote on a 1.0% recreation sales tax. This expands the availability of this tax beyond Bollinger and Cape Girardeau counties.

B&P deferred to the local governments for the fiscal impact of this legislation.

Voter-approved taxes do not impact TSR or 18e. However, DOR's retained collection fee will increase TSR. Budget and Planning defers to DOR for more specific estimates of actual collection costs.

Officials from the **Department of Revenue (DOR)** assume the proposal previously stated any county of the third class having a population of more than ten thousand and less than fifteen thousand and any county of the second class having a population of more than fifty-eight thousand and less than seventy thousand adjacent to such third class county, both counties making up the same judicial circuit, could jointly impose a sales tax for public recreational purposes.

This proposal changes the definition to any county of the third classification without a township form of government and with more than twelve thousand but fewer than fourteen thousand inhabitants and with a city of the fourth classification with more than one thousand three hundred fifty but fewer than one thousand five hundred inhabitants as the county seat. This definition means that Linn in Osage County and Marble Hill of Bollinger County meet this definition.

The first county must be next to a county meeting the following definition; any county of the first classification with more than seventy thousand but fewer than eighty-three thousand inhabitants and with a city of the fourth classification with more than thirteen thousand five hundred but fewer than sixteen thousand inhabitants as the county seat. The only county that meets that definition is Cape Girardeau County with its county seat of Jackson.

Therefore, given that **Bollinger County** and **Cape Girardeau County** are next to each other, this proposal is allowing them to create the recreation district. Both Bollinger County and Cape Girardeau County would have to adopt this tax or the tax would not be implemented. This is a 1% sales tax.

Bollinger County had taxable sales of:

<b>CY</b>	<b>Jan-Mar</b>	<b>Apr-Jun</b>	<b>Jul-Sep</b>	<b>Oct-Dec</b>	<b>Total</b>
2015	12,071,509	11,784,887	12,455,719	11,957,507	48,269,622
2016	11,964,886	12,721,797	12,373,127	12,369,980	49,429,789
2017	12,283,021	12,270,147	11,903,277	11,684,252	48,140,697
2018	14,165,368	12,592,268	12,629,610	12,969,344	52,356,591
2019	12,689,105	12,581,666	13,111,609	12,602,523	50,984,903
2020	12,788,183	12,726,918			25,515,101

Source: <http://dor.mo.gov/publicreports/> (sales tax only)

Converting calendar year taxable sales to fiscal year taxable sales and using a 2% inflation rate annually, we are able to determine the amount of collection Bollinger County could expect if they pass this proposal.

<b>Fiscal Year</b>	<b>Total Sales</b>	<b>Total Collection</b>	<b>DOR 1% Fee</b>	<b>Bollinger Collection</b>
2022	\$0	\$0	\$0	\$0
2023	\$40,773,654	\$407,737	\$4,077	\$403,659
2024	\$55,452,169	\$554,522	\$5,545	\$548,976

Cape Girardeau County had taxable sales of:

<b>CY</b>	<b>Jan-Mar</b>	<b>Apr-Jun</b>	<b>Jul-Sep</b>	<b>Oct-Dec</b>	<b>Total</b>
2015	313,991,302	328,462,544	334,088,423	364,213,737	1,340,756,006
2016	320,777,153	331,167,800	334,639,295	363,471,807	1,350,056,054
2017	317,321,199	338,602,549	333,329,400	354,698,971	1,343,952,118
2018	326,759,327	342,411,413	344,721,208	359,599,262	1,373,491,210
2019	317,004,837	335,854,295	333,604,637	367,409,389	1,353,873,159
2020	317,504,782	345,553,111			663,057,893

Source: <http://dor.mo.gov/publicreports/> (sales tax only)

Converting calendar year taxable sales to fiscal year taxable sales and using a 2% inflation rate annually, we are able to determine the amount of collection Cape Girardeau County could expect if they pass this proposal.

Fiscal Year	Total Sales	Total Collection	DOR 1% Fee	Cape Girardeau Collection
2022	\$0	\$0	\$0	\$0
2023	\$1,085,673,025	\$10,856,730	\$108,567	\$10,748,163
2024	\$1,476,515,314	\$14,765,153	\$147,652	\$14,617,502

DOR notes that this proposal would become effective on August 28, 2021 and the first election would be the April 6, 2022 election. There is no November 2021 general election. Therefore this will not have a fiscal impact in FY 2022. This sales tax would begin October 1, 2022 (FY 2023) if adopted by the voters. Therefore the impact in FY 2023 would be for 9 months.

The total impact of the bill is estimated to be:

Fiscal Year	DOR 1% Fee	Recreation Tax Collected
2022	\$0	\$0
2023	\$112,644	\$11,151,822
2024	\$153,197	\$15,166,478

**Oversight** assumes this proposal modifies the definition of Bollinger County and Cape Girardeau County in existing statute language thus farther clarifying the voting criteria for each county. Oversight notes Section 67.782 was originally passed in 1987 (HB 210) and was updated in 1990 (SB 776) and 1991 (HB 29). The current sales tax rate for Bollinger County is 1.625% and for Cape Girardeau County is 1.00%.

Oversight notes the HCS removes the provisions in statute requiring the two counties to jointly impose the tax. Therefore, now one county may approve the tax in their county without action from the other county.

Officials from the **Missouri Department of Transportation, Department of Natural Resources, and Office of the State Treasurer** each assume the proposal would not have a direct fiscal impact on their respective organization.

Officials from the **City of Claycomo, City of O'Fallon, City of Springfield, and City of Saint Louis – Budget Division, Plate County - Local Election Authority, and Saint Louis County Board of Election Commissioners** each assume the proposal would not have a direct fiscal impact on their respective organizations.

<u>FISCAL IMPACT –</u> <u>State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

This proposal updates the definitions of Bollinger County and Cape Girardeau County. The sales taxes already exist and small businesses will not be affected.

FISCAL DESCRIPTION

Currently, any county of the third class having a population of more than 10,000 and less than 15,000 and any county of the second class having a population of more than 58,000 and less than 70,000 adjacent to such third class county, both counties making up the same judicial circuit, may jointly impose a sales tax throughout each of their respective counties for public recreational purposes including the financing, acquisition, construction, operation and maintenance of recreational projects and programs, but the sales taxes will not become effective unless the governing body of each such county submits to the voters of their respective counties a proposal to authorize the counties to impose the sales tax and such proposal is approved by a majority of the voters in each county.

This bill changes the counties authorized to impose such a tax to any county of the third classification without a township form of government and with more than 12,000 but fewer than 14,000 inhabitants and with a city of the fourth classification with more than 1,350 but fewer than 1,500 inhabitants as the county seat and any county of the first classification with more than 70,000 but fewer than 83,000 inhabitants and with a city of the fourth classification with more than 13,500 but fewer than 16,000 inhabitants as the county seat.

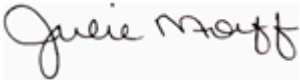
This bill currently applies to Bollinger County and Cape Girardeau County.

The HCS removes the joint county tax requirement.

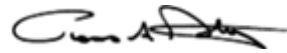
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue  
Missouri Department of Transportation  
Department of Natural Resources  
Office of the State Treasurer  
City of Claycomo  
City of O'Fallon  
City of Springfield  
City of Saint Louis – Budget Division



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