

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1501-01
Bill No.: HB 629
Subject: Counties; Economic Development Department; Revenue Department; Taxation and Revenue.
Type: Original
Date: March 7, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue *	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
Total Estimated Net Effect on General Revenue Fund	\$0 to UNKNOWN	\$0 to UNKNOWN	\$0 to UNKNOWN

* Fiscal impact is dependant upon voter approval. Could exceed \$100,000.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development** state the bill extends the ability to impose an economic development sales tax to all counties or cities within a county, and should not impact their agency.

Officials from the **Department of Revenue (DOR)** this proposal would not have an impact on their agency. DOR assumes there would be a minor increase in General Revenue from this proposal due to the one percent DOR retains for the cost of collection.

Officials from the cities of **Lebanon** and **Joplin**, as well as the counties of **Laclede** and **Jasper** did not respond to Oversight's request for fiscal impact.

Oversight assumes this proposal is permissive. Voter approval is required before any county or municipal governing body would be authorized to adopt a sales tax for economic development. However, there would be fiscal impact if the governing body would attain such voter approval and additional sales taxes are administered. The fiscal impact would be a positive unknown revenue impact to the state's General Revenue fund from the 1 percent collection fee, as well as the economic development sales taxes collected on behalf of the city or county. Oversight will range this fiscal impact as \$0 to Unknown.

ASSUMPTION (continued)

This proposal could increase Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
GENERAL REVENUE			
<u>Income</u> - Department of Revenue 1% collection fee for economic development sales taxes*	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>\$0 TO UNKNOWN</u>	<u>\$0 TO UNKNOWN</u>	<u>\$0 TO UNKNOWN</u>

*** Requires voter approval.**

<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
LOCAL POLITICAL SUBDIVISIONS			
<u>Income</u> - Economic Development sales tax collections*	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS	<u>\$0 TO UNKNOWN</u>	<u>\$0 TO UNKNOWN</u>	<u>\$0 TO UNKNOWN</u>

*** Requires voter approval**

FISCAL IMPACT - Small Business

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

DESCRIPTION

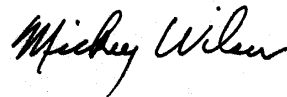
This proposal authorizes all municipalities and counties to impose, upon voter approval, a local economic development sales tax not to exceed 1% for municipalities and 0.5% for counties.

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
Department of Economic Development

NOT RESPONDING: City of Lebanon, Laclede County, City of Joplin, Jasper County



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Director
March 7, 2005