

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4280-01
Bill No.: HB 1429
Subject: Taxation and Revenue - Sales and Use; Energy
Type: Original
Date: March 7, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on General Revenue Fund	(Unknown)	(Unknown)	(Unknown)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Various State Funds	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown)	(Unknown)	(Unknown)

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials with the **Department of Economic Development – Public Service Commission** and **Office of Public Counsel** each assume this proposal would have no fiscal impact on their respective agencies.

Officials from the **Department of Revenue** assume the proposal would have no administrative impact on their agency, but there may be an unknown loss of general revenue due to the exemption.

Oversight assumes this proposal would result in a negative fiscal impact on General Revenue. **Oversight** is unable to estimate the amount of a such a loss.

This proposal could decrease Total State Revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
GENERAL REVENUE			
<u>Loss</u> – Sales Tax Exemption	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
OTHER STATE FUNDS			
<u>Loss</u> – School District Trust Fund Sales Tax Exemption	(Unknown)	(Unknown)	(Unknown)
<u>Loss</u> – Conservation Fund Sales Tax Exemption	(Unknown)	(Unknown)	(Unknown)
<u>Loss</u> – Parks and Soil Fund Sales Tax Exemption	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON OTHER STATE FUNDS	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2007 (10 Mo.)	 FY 2008	 FY 2009
<u>Loss</u> – Local Sales Tax Revenues Sales Tax Exemption	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

FISCAL IMPACT - Small Business

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

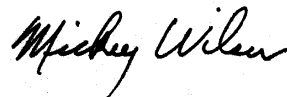
DESCRIPTION

Currently, a manufacturer can receive an exemption from sales and use tax for electricity used in the primary manufacture of a product when the manufacturer proves that the total cost of electricity used exceeds 10% of the total cost of production or the raw materials used in the primary manufacture of a product contain at least 25% recovered materials. This bill creates a rebuttable presumption that the raw materials used in the primary manufacture of automobiles contain at least 25% recovered materials.

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



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Director
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