

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3039-01  
Bill No.: HB 1658  
Subject: Agriculture and Animals; Revenue Dept.; Taxation and Revenue - Sales and Use  
Type: Original  
Date: February 12, 2008

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Bill Summary: Would provide a state and local sales and use tax exemption for fencing materials used for agricultural purposes.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Various State Funds	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<b>Local Government</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

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## **FISCAL ANALYSIS**

### **ASSUMPTION**

Officials from the **Office of Administration, Division of Budget and Planning** (BAP) assume there would be no added cost to their organization as a result of his proposal. BAP officials stated that the proposed legislation would exempt fencing materials used for agriculture from sales and use tax and there would be an unknown loss of sales tax revenue to the state as a result. The Department of Revenue may be able to provide an estimate of the revenue loss to the state as a result of this proposal.

Officials from the **Department of Agriculture** assume the proposal would not fiscally impact their agency.

Officials from the **Department of Revenue** (DOR) assume this proposal would create an exemption from sales and use tax on fencing materials used for agricultural purposes. Exemptions reduce tax due; therefore, the proposal would reduce state revenues.

**Oversight** could find not information regarding annual expenditures on agricultural fencing to formulate an estimate of the fiscal impact of this proposal. Therefore, Oversight will assume an unknown loss of revenue to the various state and local sales tax funds resulting from this proposal.

**This proposal would reduce Total State Revenues.**

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
<b>GENERAL REVENUE</b>			
<u>Loss</u> – Sales Tax Exemption	(Unknown)	(Unknown)	(Unknown)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
<b>OTHER STATE FUNDS</b>			
<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)
<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2009 (10 Mo.)	 FY 2010	 FY 2011
<b>LOCAL GOVERNMENTS</b>			
<u>Loss</u> – Local Sales Tax Revenues Sales Tax Exemption	(Unknown)	(Unknown)	(Unknown)
<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS</b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>	<b><u>(Unknown)</u></b>

FISCAL IMPACT - Small Business

This proposal would have a direct positive fiscal impact to small agricultural businesses.

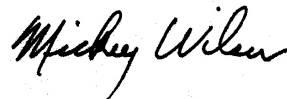
FISCAL DESCRIPTION

This proposal would provide a state and local sales and use tax exemption for fencing materials used for agricultural purposes..

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  
Division of Budget and Planning  
Department of Agriculture  
Department of Revenue



Mickey Wilson, CPA  
Director  
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