

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 6017-03  
Bill No.: HB 2192  
Subject: Taxation and Revenue - Sales and Use; Counties  
Type: Original  
Date: April 16, 2014

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Bill Summary: This proposal would authorize a .5 percent sales tax in Clay county through the creation of a recreational and community center district to be used for new and existing community centers.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	\$0 or Could exceed \$21,000	\$0 or Could exceed \$21,000	\$0 or Could exceed \$21,000
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0 or Could exceed \$21,000</b>	<b>\$0 or Could exceed \$21,000</b>	<b>\$0 or Could exceed \$21,000</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
<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.  
This fiscal note contains 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<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>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Local Government</b>	<b>\$0 or Could exceed \$2,100,000</b>	<b>\$0 or Could exceed \$2,100,000</b>	<b>\$0 or Could exceed \$2,100,000</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials at **Clay County** did not respond to Oversight's request for fiscal impact.

Officials at the **Office of Administration's Division of Budget and Planning (BAP)** assume this proposal provides the option for voters in the Liberty School District to approve a 0.5-cent sales tax to fund the construction of a new community center. The Department of Revenue does not provide taxable sales data by school district, but the most recent report shows that taxable sales for the City of Liberty were \$412.8 million in 2013. A 0.5-cent tax on those sales would generate \$2.1 million annually. It is likely the boundaries of that school district differ from those of the City. General and Total State Revenues will increase to the extent the DOR retains a 1% collection fee.

Officials at the **University of Missouri's Economic and Policy Analysis Research Center (EPARC)** assume if enacted, this bill would authorize a .5 percent sales tax in Clay County through the creation of a recreational and community center district to be used for new and existing community centers. This .5 percent sales tax will not be imposed until it is approved by the voters of Clay County. Since this .5 percent sales will not be imposed until it is approved by the voters of Clay County, the initial enactment of this bill will have no impact on Net General Revenue. However, if the voters of Clay County approve the sales tax it is anticipated that it will generate the same amount of revenue as their current Regular County Sales Tax which is also imposed at a rate of .5 percent. Our records indicate that Clay County's Regular County Sales Tax, imposed at the same .5 percent, generated an average of \$14,525,039.78 in collections over the last three years. We will assume that the sales tax authorized in this bill will generate identical collections if approved by Clay County voters.

If the voters in Clay County approve this bill's sales tax, the State of Missouri will be able to glean 1% of the amount of collections from this tax as a collection fee. Therefore, if approved by voters of Clay County, the estimated impact on Net General Revenue of this bill is an increase in revenue of \$145,250.40 from the 1% collection fee.

Officials at the **Department of Revenue (DOR)** assume this proposal would require computer programming changes to the sales tax program. The IT portion is estimated at \$4,586 for 168 FTE hours.

ASSUMPTION (continued)

**Oversight** assumes DOR is provided with core funding to handle a certain amount of computer programming activity each year. Oversight assumes DOR could absorb the programming costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

Officials at the **Joint Committee on Administrative Rules** and **Office of the Secretary of State** assume there is no fiscal impact from this proposal.

**Oversight** assumes this proposal would not have a fiscal impact unless voted on by the people of Clay County. Oversight assumes this proposal allows that the sales tax be raised by no more than .5% and it is unclear what the actual tax rate will be if adopted by Clay County. Oversight assumes this proposal limits the sales tax to the school district and not the full county. It is unclear how much sales tax would be collected in that limited area. Therefore, Oversight will show the impact as \$0 (not voted on or adopted by Clay County) to the estimate provided by the BAP. If this proposal is adopted by Clay County then the Department of Revenue would receive a 1% collection fee. Oversight will show the impact to General Revenue of \$0 (not voted on or adopted by Clay County) to the 1% collection fee estimated by BAP.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
<b>GENERAL REVENUE</b>			
<u>Additional Revenue</u> - collection of the 1% fee	\$0 or Could <u>exceed \$21,000</u>	\$0 or Could <u>exceed \$21,000</u>	\$0 or Could <u>exceed \$21,000</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>\$0 or Could <u>exceed \$21,000</u></b>	<b>\$0 or Could <u>exceed \$21,000</u></b>	<b>\$0 or Could <u>exceed \$21,000</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
<b>CLAY COUNTY FUNDS</b>			
	\$0 or Could exceed	\$0 or Could exceed	\$0 or Could exceed
<u>Additional Revenue</u> - increase of the sales and use tax for a recreational center	<u>\$2,100,000</u>	<u>\$2,100,000</u>	<u>\$2,100,000</u>
<b>ESTIMATED NET EFFECT ON CLAY COUNTY FUNDS</b>	<b><u>\$0 or Could exceed \$2,100,000</u></b>	<b><u>\$0 or Could exceed \$2,100,000</u></b>	<b><u>\$0 or Could exceed \$2,100,000</u></b>

FISCAL IMPACT - Small Business

Small businesses in Clay County that have to pay the sales tax may be impacted.

FISCAL DESCRIPTION

The governing body of Clay County, through the creation of a Recreational and Community Center District which may include only the area encompassed by Liberty School District, may impose a sales tax on all retail sales made within the recreational and community center district which are subject to sales tax. The tax authorized may not exceed .5%.

The tax will be in addition to all other sales taxes imposed by law and must be stated separately from all other charges and taxes. No order or ordinance may become effective unless the Clay County Commission submits to the voters in the Recreational and Community Center District a proposal to impose the tax.

All revenue collected from the tax by the Director of the Department of Revenue, except for 1% for the cost of collection, will be deposited in a special trust fund known as the "Recreational and Community Center District Sales Tax Trust Fund."

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  
Joint Committee on Administrative Rules  
Office of Administration  
    Division of Budget and Planning  
Office of the Secretary of State  
University of Missouri  
    Economic and Policy Analysis Research Center

Not Responding

Clay County



Mickey Wilson, CPA  
Director  
April 16, 2014

Ross Strobe  
Assistant Director  
April 16, 2014