

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6639-01
Bill No.: HB 2631
Subject: Taxation and Revenue - Sales and Use; Revenue Department; Merchandising Practices; Business and Commerce
Type: Original
Date: March 11, 2016

Bill Summary: Changes the law regarding bonds required for certain retail sales licensees.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	(Minimal)	(Minimal)	(Minimal)
Total Estimated Net Effect on General Revenue	(Minimal)	(Minimal)	(Minimal)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
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 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration-Division of Budget and Planning (OA-B&P)** noted that under current law, retail sales tax applicants must present a bond not more than three times their average monthly liability. This proposal diminishes that amount to no more than twice their average monthly liability. Additionally, the proposal reduces the bond release date from two years to one year.

OA-B&P assumes this proposal could decrease Total State Revenue by an unknown amount, which likely would be minimal.

Officials from the **Department of Revenue**, the **Joint Committee on Administrative Rules** and the **Office of the Secretary of State** assume no fiscal impact.

Oversight assumes a “minimal” reduction in General Revenue funds will be absorbable, but will present the reduction in state revenue for fiscal note purposes.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
GENERAL REVENUE FUND			
<u>Revenue reduction - DOR</u>			
Sales tax compliance bonds reduction	<u>(Minimal)</u>	<u>(Minimal)</u>	<u>(Minimal)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Minimal)</u>	<u>(Minimal)</u>	<u>(Minimal)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal would have a direct fiscal impact to any small business which has retail sales activity.

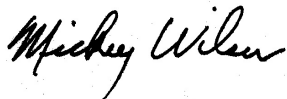
FISCAL DESCRIPTION

This proposal changes the amount of bonding required for a retail sales tax license with the Department of Revenue from three to two times the licensee's average monthly tax liability and changes the bond term from two years to one year.

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 Planning and Budget
Department of Revenue
Joint Committee on Administrative Rules
Office of the Secretary of State



Mickey Wilson, CPA
Director
March 11, 2016

Ross Strobe
Assistant Director
March 11, 2016