

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0858-01
Bill No.: HB 867
Subject: Taxation and Revenue- Sales and Use; Cities, Towns and Villages; Law Enforcement Officers and Agencies; Political Subdivisions
Type: Original
Date: February 28, 2017

Bill Summary: This proposal would authorize the City of Branson to submit to the voters a proposition to impose a one-half-cent sales tax dedicated to public safety.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	\$0 or \$13,847	\$0 or \$55,389	\$0 or \$55,389
Total Estimated Net Effect on General Revenue	\$0 or \$13,847	\$0 or \$55,389	\$0 or \$55,389

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
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 2018	FY 2019	FY 2020
Local Government	\$0 or Less than \$1,370,876	\$0 or \$5,483,501	\$0 or \$5,483,501

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration - Division of Budget and Planning** assume based on the most recent sales and use taxable revenue data available (FY 2016), this tax could generate \$5,788,949 per fiscal year after the Department of Revenue retains \$58,474 for collection costs. The first full fiscal year impact would occur in FY 2019, since the earliest possible implementation date is the final quarter of FY 2018.

Officials from the **Department of Revenue (DOR)** assume this proposal would authorize Branson, Missouri to impose a one-half of one percent sales tax for improving public safety. DOR officials stated they would need to notify businesses in Branson of the tax rate increase, and there would be additional costs of \$5,195 to implement the provisions of this legislation in the integrated tax system.

Oversight assumes DOR could notify the affected businesses of the additional sales tax in regularly scheduled communications, and would not have any significant additional administrative cost in connection with this proposal. Oversight also assumes DOR is provided with core funding to handle a certain amount of computer programming activity each year, and 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 budget process.

Officials from the **Office of the Secretary of State** and the **Joint Committee on Administrative Rules** assume this proposal would have no fiscal impact on their organizations.

Officials from the City of Branson, Stone County, and Taney County did not respond to our request for information.

Oversight assumptions

Oversight reviewed information available from Department of Revenue reports and noted that taxable sales for the City of Branson for the years ended June 30, 2015, 2014, and 2013 were \$1,152,901,000, \$1,107,631,000, and \$1,062,802,000, respectively, and the average would be $((\$1,152,901,000 + \$1,107,631,000 + \$1,062,802,000) = \$3,323,334,000/3) = \$1,107,778,000$.

ASSUMPTION (continued)

Oversight assumes a one-half percent sales tax rate would generate sales tax for the city of $(\$1,107,778,000 * .005) = \$5,538,890$ if the proposition is approved by the voters. For FY 2018, the fiscal impact for one quarter would be \$0 or $(\$5,538,890 / 4) = \$1,384,723$.

Oversight notes that the proposal would allow for the retention of one percent of sales tax collections by the Department of Revenue for collections costs and will include that amount as additional revenue for the state General Revenue Fund. The state revenues would be \$0 or $(\$1,384,723 * .01) = \$13,847$ in FY 2018 and \$0 or $(\$5,538,890 * .01) = \$55,389$ in FY 2019 and FY 2020.

The net revenue to the city would be as follows.

Additional Revenue	Total	General Revenue	Net to the City
FY 2018	\$1,384,723	\$13,847	\$1,370,876
FY 2019 and FY 2020	\$5,538,890	\$55,389	\$5,483,501

Oversight also notes that an election to approve the sales tax could be held as part of a statewide General Election, at the time of municipal elections, or it could be decided by the voters at a special election called for that purpose. We do not have any information as to the cost of such a special election; therefore, Oversight will include in this fiscal note an impact of \$0 (no election held) to an unknown cost for a special election to be held in FY 2018.

Oversight assumes the amounts collected would be spent for public safety purposes but will not include those expenditures in this fiscal note.

	FY 2018 (10 Mo.)	FY 2019	FY 2020
<u>FISCAL IMPACT - State Government</u>			
GENERAL REVENUE FUND			
<u>Additional revenue</u> - DOR	\$0 or	\$0 or	\$0 or
Collection charges on sales tax	<u>\$13,847</u>	<u>\$55,389</u>	<u>\$55,389</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>\$0 or \$13,847</u>	<u>\$0 or \$55,389</u>	<u>\$0 or \$55,389</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
LOCAL GOVERNMENT			
<u>Additional Revenue</u> - City of Branson	\$0 or	\$0 or	\$0 or
Sales tax	\$1,370,876	\$5,483,501	\$5,483,501
<u>Election costs</u> - City of Branson	\$0 or (Unknown)	\$0	\$0
ESTIMATED NET EFFECT ON LOCAL GOVERNMENT	\$0 or Less than <u>\$1,370,876</u>	\$0 or <u>\$5,483,501</u>	\$0 or <u>\$5,483,501</u>

FISCAL IMPACT - Small Business

Businesses in Branson may need to collect and remit the additional sales tax.

FISCAL DESCRIPTION

This proposal would authorize the City of Branson to impose, upon voter approval, a sales tax of up to 0.5% for the purpose of improving public safety, including expenditures on equipment, city public employee salaries and benefits, and facilities for police, fire, and emergency medical providers.

The sales tax would expire in 15 years, and then every 10 years thereafter, unless approved again by the voters. If the sales tax fails on the first ballot, the city could not put the issue on the ballot again for at least 12 months. If the sales tax fails on a second ballot, then the authorization for the sales tax would be repealed.

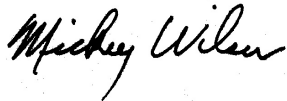
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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

Not responding

City of Branson
Stone County
Taney County



Mickey Wilson, CPA
Director
February 28, 2017

Ross Strope
Assistant Director
February 28, 2017