

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1574-03  
Bill No.: Perfected HCS for HB 935  
Subject: Taxation and Revenue - Sales and Use; Saint Louis City; Taxation and Revenue - General; Animals; Political Subdivisions  
Type: Original  
Date: April 13, 2017

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Bill Summary: This proposal would change the laws regarding sales taxes whose revenues are dedicated to zoos.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
General Revenue	\$0 to \$67,869	\$0 to \$271,476	\$0 to \$271,476
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 to \$67,869</b>	<b>\$0 to \$271,476</b>	<b>\$0 to \$271,476</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
<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 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</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 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
<b>Local Government</b>	<b>(Unknown) to \$6,719,033</b>	<b>\$0 to \$26,876,134</b>	<b>\$0 to \$26,876,134</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** stated this proposal may impact the Department of Revenue (DOR) collection systems, and deferred to DOR for related costs. BAP officials noted that voter-approved taxes do not impact Total State Revenue, but the additional collection fee does. BAP officials assume this legislation would not impact the constitutional revenue limitation calculation.

BAP officials noted the legislation states that the sales tax revenue "shall only be used for the purpose approved by voters of the county" and DOR might not be able to retain a collection fee if the ballot language does not authorize such retention.

The proposal would allow a zoological park admission fee to be charged to any residents of a county that did not vote to approve the sales tax. As this bill does not provide a public vote on the fee, the fee would impact the required constitutional revenue limit calculation.

While the bill appears to apply to all Missouri counties, the counties contiguous or nearby to St. Louis City seem to be the legislation's actual intended counties.

In the most recent fiscal year available (FY 2016), taxable sales and use revenues for the City of St. Louis and St. Louis County were \$21,718,088,480.78. A 0.125% sales tax would generate \$26,876,134 per fiscal year in these areas after DOR retains \$271,476 in collection costs.

In the most recent fiscal year available (FY 2016), taxable sales and use revenues among the counties of Jefferson, Franklin, and St. Charles were \$8,750,145,065. A 0.50% sales tax would generate \$43,313,218 per fiscal year in these areas after DOR retains \$437,507 in collection costs.

The total possible collections from the proposed taxes in this legislation could be \$70,189,353 per fiscal year after DOR retains \$708,983 in collection costs. BAP officials note that the first full fiscal year impact would not occur until FY 2019, as the earliest possible effective date of the taxes is the final quarter of FY 2018.

BAP officials stated that total sales tax revenues could be \$70,189,353 after DOR retained \$708,983 in collection charges.

ASSUMPTION (continued)

**Oversight** assumes the BAP estimate of revenue for the City of St. Louis and St. Louis County is the best available and will use that estimate for fiscal note purposes. Further, we assume the proposal is not intended to authorize a sales tax for zoo purposes in other counties. For FY 2018, Oversight will indicate a fiscal impact of \$0 (submitted sales tax not approved by voters) to  $(\$26,876,134 \times 25\%) = \$6,719,033$  for the zoo and \$0 to  $(\$271,476 \times 25\%) = \$67,869$  in DOR collection charges. For FY 2019 and FY 2020, Oversight will indicate a fiscal impact of \$0 to the BAP estimate.

Oversight also notes this proposal would make the proposed sales tax subject to voter approval, and will include an election cost of \$0 to (Unknown) in FY 2018.

Finally, Oversight notes this proposal would authorize admission charges to residents of counties that do not approve the proposed sales tax and will assume for fiscal note purposes only, that the potential revenue from admission charges would be less than the potential sales tax revenues for those counties. Accordingly, the admission charges would not change the revenue estimate for this proposal.

Officials from the **Department of Revenue (DOR)** assume this proposal would have no fiscal impact on their organization.

Officials from the **University of Missouri - Economic and Policy Analysis Research Center** stated they were not able to provide an estimate of the fiscal impact for the language in this proposal.

Officials from the **Office of the Secretary of State (SOS)** assumed a previous version of this proposal would have no fiscal impact on their organization.

Officials from the **Joint Committee on Administrative Rules** state this legislation is not anticipated to cause a fiscal impact to their organization.

Officials from **St. Louis County** assumed a previous version of this proposal could result in an election cost from \$300,000 to \$350,000 if the election is held in conjunction with April municipal elections.

ASSUMPTION (continued)

Officials from **Franklin County, Jefferson County, St. Charles County**, and the **City of St. Louis** did not respond to our request for information.

Amendment 1

The language in this amendment would limit the total combined sales tax rate under Section 67.547, RSMo beginning August 28, 2017, to one percent and would include three-eighths percent of the additional sales tax rate adopted by St. Louis County in the calculation of the county's one percent maximum combined maximum sales tax rate.

**Oversight** assumes this language could limit potential sales tax increases in the future but would not currently have a direct fiscal impact on the state or on local governments.

	FY 2018 (10 Mo.)	FY 2019	FY 2020
<u>FISCAL IMPACT - State Government</u>			
<b>GENERAL REVENUE FUND</b>			
<u>Additional Revenue - DOR</u>			
1% Collection charges	<u>\$0 to \$67,869</u>	<u>\$0 to \$271,476</u>	<u>\$0 to \$271,476</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>\$0 to \$67,869</u></b>	<b><u>\$0 to \$271,476</u></b>	<b><u>\$0 to \$271,476</u></b>

	FY 2018 (10 Mo.)	FY 2019	FY 2020
<u>FISCAL IMPACT - Local Government</u>			
<b>LOCAL GOVERNMENTS</b>			
<u>Additional revenue</u> - Zoo sales tax and admission charges	\$0 to \$6,719,033	\$0 to \$26,876,134	\$0 to \$26,876,134
<u>Cost</u> - Local governments Elections	<u>\$0 to (Unknown)</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS</b>	<b>(Unknown) to <u>\$6,719,033</u></b>	<b>\$0 to <u>\$26,876,134</u></b>	<b>\$0 to <u>\$26,876,134</u></b>

FISCAL IMPACT - Small Business

This proposal could have a direct fiscal impact to small businesses which purchase taxable goods or services.

FISCAL DESCRIPTION

This proposal would allow the City of St. Louis and specified counties to propose a 1/8th of once cent sales tax to fund the St. Louis Zoo.

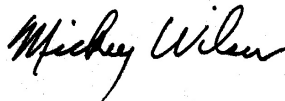
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State  
Joint Committee on Administrative Rules  
Office of Administration  
    Division of Budget and Planning  
Department of Revenue  
University of Missouri  
    Economic and Policy Analysis Research Center  
St. Louis County

**Not responding**

Franklin County  
Jefferson County  
St. Charles County  
City of St. Louis



Mickey Wilson, CPA  
Director  
April 13, 2017

Ross Strobe  
Assistant Director  
April 13, 2017