

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1574-04
Bill No.: SCS for HCS for HB 935
Subject: Taxation and Revenue - Sales and Use; Saint Louis City; Taxation and Revenue - General; Animals; Political Subdivisions
Type: Original
Date: May 1, 2017

Bill Summary: This proposal would modify provisions related to county sales taxes for zoological organizations.

FISCAL SUMMARY

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

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	(Unknown) to \$6,719,033	\$0 to \$26,876,134	\$0 to \$26,876,134

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration - Division of Budget and Planning (B&P)** stated this proposal includes language requiring a county to wait at least two years between referendums for sales taxes in this section (regardless of whether the proposal is approved or defeated).

The proposal also includes language permitting the City of St. Louis and St. Louis County to levy a 1/8th % sales tax for the St. Louis Zoo, and would prohibit other counties from levying a sales tax for the purposes of funding the zoo.

Since B&P cannot reliably determine when or if those jurisdictions have implemented sales taxes, the start date of a potential sales tax is uncertain due to the two year waiting period; however, B&P is able to estimate a yearly fiscal impact.

In FY 2016 (the most recent FY available), total taxable sales and use revenues in St. Louis City and County were \$21,718,088,481. Therefore, a 1/8 % sales tax on these revenues would generate \$26,876,134 per fiscal year after the Department of Revenue (DOR) retained \$271,476. Since this tax would be voter-approved, it would have no impact on Total State Revenues (TSR) or the constitutional revenue limit calculation. BAP officials noted that DOR's collection costs would increase TSR and impact the constitutional revenue limit calculation.

In response to a previous version of this proposal B&P officials noted 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.

Oversight assumes the B&P 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. Oversight assumes the proposal could be implemented in FY 2018 but would only provide revenues for the final quarter. For FY 2018, Oversight will indicate a fiscal impact of \$0 (sales tax not submitted to voters or 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 B&P estimate.

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

ASSUMPTION (continued)

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 and the Joint Committee on Administrative Rules** assume this proposal would have no fiscal impact on their organizations.

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.

Officials from the **City of St. Louis** did not respond to our request for information.

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

<u>FISCAL IMPACT - Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
LOCAL GOVERNMENTS			
<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>
ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS	(Unknown) to <u>\$6,719,033</u>	\$0 to <u>\$26,876,134</u>	\$0 to <u>\$26,876,134</u>

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 St. Louis County to submit to the voters a proposed 1/8th of one cent sales tax to fund the St. Louis Zoo.

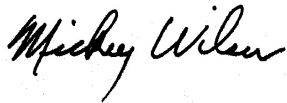
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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:

City of St. Louis



Mickey Wilson, CPA
Director
May 1, 2017

Ross Strobe
Assistant Director
May 1, 2017