

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1996-01  
Bill No.: HB 1249  
Subject: Taxation and Revenue - Sales and Use; Ambulances and Ambulance Districts;  
Fire Protection; Counties  
Type: Original  
Date: March 25, 2019

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Bill Summary: This proposal authorizes Cape Girardeau County to levy, upon voter approval, a sales tax dedicated to 911 services.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
<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.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
<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.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
<b>Local Government</b>	<b>\$0</b>	<b>\$0 or Less than \$10,832,280</b>	<b>\$0 or Less than \$14,443,040</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

Officials at the **Office of Administration Division of Budget and Planning (B&P)** assume this proposal permits the county commission upon receipt of a petition to allow voters in the County of Cape Girardeau to impose a sales tax up to 1.00% for the purpose of funding emergency services for the county. Collection of the sales tax shall not occur more than 36 months before operation of the central emergency services commences.

Using forecast estimates for statewide average growth in local sales taxes and state taxes (including food), the estimated average growth for FY 2019 and FY 2020 is 3.4% and 3.1%, respectively.

B&P estimates the County of Cape Girardeau FY 2020 taxable sales to total \$1.4 billion. B&P assumes the emergency services centralized operations will commence in three years and that this sales tax would take effect starting April 1, thus only impacting Q4 of FY 2020 sales collections. For the County of Cape Girardeau, with estimated Q4 sales collections of \$1.4 billion, this proposed sales tax could generate approximately \$3.6 million for the county in FY 2020. As a voter-approved tax with collections under the authority of an emergency services board, the collected revenues will not impact on General and Total State Revenues or the calculation under Article X, Section 18(e).

Using the same methodology to estimate FY 2021 and FY 2022 sales, we estimate taxable sales in County of Cape Girardeau to total \$1.4 billion in FY 2020. This proposed sales tax might generate approximately \$14.4 million for the county in FY 2021, and annually thereafter. As a voter-approved tax with collections under the authority of an emergency services board, the collected revenues will not impact on General and Total State Revenues or the calculation under Article X, Section 18(e).

Officials at the **Department of Revenue (DOR)** assume as published in the Department of Revenue's "Financial and Statistical Report - Fiscal Year Ended June 30, 2017, Cape Girardeau County received or was distributed by the Department approximately \$14,275,551 in sales tax. The Department collects one percent for the cost of collection. When extrapolating the distribution amount out to incorporate the one percent, total sales tax collected in Cape Girardeau County during Fiscal Year 2017 is estimated at \$14,419,748 (\$14,275,551 / 99%).

Currently, Cape Girardeau County imposes a sales tax at a rate of 1 percent. If extrapolated out, the Department estimates that Cape Girardeau County's total taxable sales equaled \$1,427,555,100 (\$14,419,748 / 1%).

ASSUMPTION (continued)

The Department estimates that if a sales tax rate equal to one percent was imposed pursuant to Section 190.293, as written in this proposed legislation, Cape Girardeau County would receive twice as much in distribution each year; the Department estimates that Cape Girardeau County would receive an additional \$14,275,551 ( $\$1,441,974,800 \times 1\% - (\$14,419,748 \times 1\%)$ )

Fiscal Year	Increase to Cape Girardeau County Revenues
2020	\$0
2021	\$14,275,551
2022	\$14,275,551
2023	\$14,275,551

Cape Girardeau County, would receive the aforementioned revenues if the qualified voters of Cape Girardeau County passed such ordinance and if the rate applied was one percent.

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

**Oversight** notes this proposal would become effective August 28, 2019 and therefore could not be placed on the November 2019 ballot as the certification date for the November election is August 27, 2019. Therefore it would be put to a vote of the people at the April 2020 municipal election. Therefore, the earliest the sales tax could become effective would be the first day of the second calendar quarter after the Department of Revenue is notified of voter approval. In this case, the earliest effective date assuming voter approval at the April 2020 general municipal election would be October 1, 2020 (FY 2021). Therefore, only nine months of taxes would be collected in FY 2021.

**Oversight** will show the impact as \$0 (not approved or put before voters) to the impact estimated by B&P. Also, Oversight assumes the current Emergency telephone service tax authorized in Section 190.305 would cease to be collected if this sales tax is approved by voters. Oversight does not have information regarding the amount of current collections under Section 190.305; therefore, Oversight will reflect an unknown loss of revenue to Cape Girardeau County, but by an amount less than the possible sales tax collections would be.

<u>FISCAL IMPACT - State Government</u>	FY 2020	FY 2021 (9 Mo)	FY 2022
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Local Government

FY 2020

FY 2021  
(9 Mo)

FY 2022

**CAPE GIRARDEAU COUNTY  
FUNDS**

		\$0 or	\$0 or
<u>Revenue</u> - County telephone sales tax	\$0	\$10,832,280	\$14,443,040
Loss - Termination of tax collections under §190.30	\$0	\$0 or (Unknown)	\$0 or (Unknown)

**ESTIMATED NET EFFECT ON  
CAPE GIRARDEAU COUNTY  
FUNDS**

	<u>\$0 or</u>	<u>\$0 or</u>
	<u>Less than</u>	<u>Less than</u>
<u>\$0</u>	<u>\$10,832,280</u>	<u>\$14,443,040</u>

FISCAL IMPACT - Small Business

Business that collect the sales tax will be impacted.

FISCAL DESCRIPTION

This bill allows the county commission of a county of the first classification with more than 70,000 but fewer than 83,000 inhabitants and with a city of the fourth classification with more than 13,500 but fewer than 16,000 inhabitants as the county seat may impose a county sales tax for the purpose of central dispatching of emergency services.

The sales tax cannot be more than 1% of each taxable sale or service. The sales tax cannot be collected more than 36 months before the operation of the central dispatching of emergency services.

Currently, this only applies to Cape Girardeau County.

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  
Office of Administration Division of Budget and Planning

NOT RESPONDING:

Cape Girardeau County



Kyle Rieman  
Director  
March 25, 2019

Ross Strobe  
Assistant Director  
March 25, 2019