

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2237-01  
Bill No.: HB 1061  
Subject: Political Subdivisions; Bonds - Surety; Bonds - General Obligation and Revenue  
Type: Original  
Date: March 6, 2019

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Bill Summary: This proposal authorizes a tax exemption for certain transactions with a port authority.

**FISCAL SUMMARY**

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

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
Other State Sales Tax Funds	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
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>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
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.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
<b>Local Government</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

Officials at the **Office of Administration Division of Budget and Planning (B&P)** assume this proposal may reduce Total State Revenue and the may impact the calculation under Article X, Section 18(e).

Section 68.040.5 would exempt sales and leases of property by a port authority from all local and state sales or property taxes. B&P notes that sales from a port authority to a private entity are currently subject to sales tax. Therefore, B&P estimates that this proposal would exempt sales, such as those of vehicles, from taxation.

This may reduce revenues for the State Road Fund, State Road Bond Fund, State Transportation Fund, School District Trust Fund, Conservation Commission, as well as Parks, Soil, and Water (DNR). This proposal would also reduce local sales tax collections and funds deposited into the Fuel Local Deposit (FLOYD) Fund.

B&P further notes that this proposal would only exempt the sales or lease of such property and not future property tax collections if such a sale were to a private entity. Therefore, B&P estimates that this proposal will not impact the Blind Pension Trust Fund or local property tax collections.

Officials at the **State Tax Commission** assume this would result in a nominal fiscal impact as port authorities have a tax exemption currently in law, and this proposal extends that exemption to leases.

Officials at the **Department of Revenue, Department of Social Services** and the **Missouri Department of Transportation** each assume there is no fiscal impact from this proposal.

**Oversight** notes there are 15 port authorities in the State. They are:

Howard-Cooper County Regional Port Authority  
Jefferson County Port Authority  
Kansas City Port Authority  
Lewis County-Canton Port Authority  
Marion County Port Authority  
Mid-America Port Authority  
Mississippi County Port Authority  
New Bourbon Regional Port Authority  
New Madrid County Port Authority

ASSUMPTION (continued)

Pemiscot County Port Authority  
Pike - Lincoln County Port Authority  
Southeast Missouri Regional Port Authority  
St. Joseph Regional Port Authority  
St. Louis City Port Authority  
St. Louis County Port Authority

**Oversight** notes that Port Authorities are exempt from state and local assessment taxes. This proposal would extend that tax exemption to all sales and leases of real and personal property by the Port Authority. Oversight will show the impact as \$0 to Unknown to General Revenue, the Other State Sales Tax Funds (Conservation, School, and Park & Soil) and to Local Political Subdivisions fiscal impact in the fiscal note.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
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**GENERAL REVENUE**

<u>Revenue Reduction</u> - DOR §68.040 port authorities exempt from sales tax	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
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<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>\$0 to <u>(Unknown)</u></b>	<b>\$0 to <u>(Unknown)</u></b>	<b>\$0 to <u>(Unknown)</u></b>
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**OTHER STATE SALES TAX FUNDS**

<u>Revenue Reduction</u> - DOR §68.040 port authorities exempt from sales tax	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
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<b>ESTIMATED NET EFFECT ON OTHER STATE SALES TAX FUNDS</b>	<b>\$0 to <u>(Unknown)</u></b>	<b>\$0 to <u>(Unknown)</u></b>	<b>\$0 to <u>(Unknown)</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Revenue Reduction</u> - DOR §68.040 port authorities exempt from sales tax	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b>\$0 to <u>(Unknown)</u></b>	<b>\$0 to <u>(Unknown)</u></b>	<b>\$0 to <u>(Unknown)</u></b>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

Currently, notes and bonds issued by port authorities are tax exempt. This bill also exempts sales and leases of real or personal property made by or to any port authority involving the use of such tax exempt bonds from taxation.

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  
Department of Social Services  
Missouri Department of Transportation  
Office of Administration Division of Budget and Planning



Kyle Rieman  
Director  
March 6, 2019

Ross Strobe  
Assistant Director  
March 6, 2019