

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3050-01  
Bill No.: HB 1309  
Subject: Political Subdivisions; Cities, Towns and Villages; Taxation and Revenue - Sales and Use  
Type: Original  
Date: January 31, 2020

---

Bill Summary: This proposal authorizes the village of Claycomo to levy, upon voter approval, a sales tax whose revenue is dedicated to public safety.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
General Revenue	\$0	\$0 to \$853	\$0 to \$1,160
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0 to \$853</b>	<b>\$0 to \$1,160</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
<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>			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
<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 2021	FY 2022	FY 2023
<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 2021	FY 2022	FY 2023
<b>Local Government</b>	<b>\$0</b>	<b>\$0 to \$84,413</b>	<b>\$0 to \$114,802</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **Office of Administration's Division of Budget and Planning (B&P)** assume this proposal allows voters in the Village of Claycomo to impose a sales tax up to 0.50% for the purpose of funding public safety for the village. It also adds "villages" to the governing bodies that may impose the tax.

Based upon the Village of Claycomo's FY19 \$25.0 million of taxable sales, B&P estimates that a 0.50% tax will generate \$123,968 in collections. Since the bill indicates that this sales tax would take effect starting April 1, only Q4 of FY21 sales collections would be impacted. This results in the proposed sales tax generating approximately \$30,992 for the village for FY21. As a voter-approved tax, the collected revenues will not impact general and total state revenues; however, DOR will retain 1% to offset collection costs. Therefore, this portion could increase general and total state revenues by approximately \$313 in FY21.

Budget and Planning defers to DOR for more specific estimates of actual collection costs.

Officials at the **Department of Revenue (DOR)** assume this proposal would allow the Village of Claycomo to authorize and impose up to one-half of one percent, and shall be imposed solely for the purpose of improving the public safety. Using taxable sales report data for the Village of Claycomo, DOR estimates the impact as follows:

Village of Claycomo Taxable Sales by Calendar Year

CY	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2015	5,987,942	5,945,109	5,798,774	6,032,010	\$23,763,736
2016	6,312,917	6,245,000	6,027,650	5,480,769	\$24,066,236
2017	5,349,230	5,570,093	5,149,850	4,944,736	\$21,013,909
2018	5,150,294	5,761,090	5,959,771	6,450,921	\$23,322,075
2019	6,300,774	6,332,614	0	0	\$12,633,388

ASSUMPTION (continued)

Conversion of Taxable Sales by Calendar Year to Fiscal Year

FY	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Total
FY16	5,798,774	6,032,010	6,312,917	6,245,000	\$24,388,701
FY17	6,027,650	5,480,769	5,349,230	5,570,093	\$22,427,742
FY18	5,149,850	4,944,736	5,150,294	5,761,090	\$21,005,970
FY19					\$21,426,089
FY20					\$21,854,611
FY21					\$22,291,703
FY22					\$22,737,537
FY 23					\$23,192,288

Once converted to Fiscal Years, DOR took the taxable sales times the proposed tax rate of one-half of one percent to determine the total amount of the sales tax collected. DOR notes that this proposal allows DOR to retain 1% that is deposited into General Revenue for expenses for collection of this tax.

FY	Total	% Growth	Collections	DOR Fee	Final Collection
FY16	24,388,701				
FY17	22,427,742				
FY18	21,005,970		105,030	1,050	103,980
FY19	21,426,089	2.00%	107,130	1,071	106,059
FY20	21,854,611	2.00%	109,273	1,093	108,180
FY21	22,291,703	2.00%	111,459	1,115	110,344
FY22	22,737,537	2.00%	113,688	1,137	112,551
FY 23	23,192,288	2.00%	115,961	1,160	114,802

ASSUMPTION (continued)

DOR notes that this proposal would become effective on August 28, 2020 and the first election would be the April 6, 2021 election. Therefore this will not have a fiscal impact in FY 2021. This sales tax would begin October 1, 2021 (FY 2022) if adopted by the voters. Therefore the impact in FY 2022 would be for 9 months.

Fiscal Year	DOR Fee	Claycomo Collection
2021	\$0	\$0
2022	\$284	\$84,413
2023	\$1,160	\$114,802

Officials at the **Village of Claycomo** assume if the voters approve to levy an additional sales tax of .05% from this proposal, the fiscal year income could increase up to \$153,000 annually.

**Oversight** will range the fiscal impact from \$0 (not approved by voters) to the estimates provided by DOR. Oversight will adjust DOR's estimates for the 1% collection fee for FY 2022.

<u>FISCAL IMPACT - State Government</u>	FY 2021	FY 2022 (9 Mo.)	FY 2023
<b>GENERAL REVENUE FUND</b>			
<u>Additional Revenue - DOR - \$94.902</u>			
1% DOR Collection fee - Claycomo	<u>\$0</u>	<u>\$0 to \$853</u>	<u>\$0 to \$1,160</u>
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>\$0</u></b>	<b><u>\$0 to \$853</u></b>	<b><u>\$0 to \$1,160</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2021	FY 2022 (9 Mo.)	FY 2023
<b>VILLAGE OF CLAYCOMO</b>			
<u>Additional Revenues</u> - additional half cent sales tax for Public Safety - Claycomo §94.902	\$0	\$0 to \$85,266	\$0 to \$115,961
<u>Loss</u> - 1% collection fee kept by DOR §94.902	<u>\$0</u>	<u>\$0 to (\$853)</u>	<u>\$0 to (\$1,160)</u>
<b>ESTIMATED NET EFFECT ON THE VILLAGE OF CLAYCOMO</b>	<b><u>\$0</u></b>	<b><u>\$0 to \$84,413</u></b>	<b><u>\$0 to \$114,802</u></b>

FISCAL IMPACT - Small Business

This proposal would also allow for a sales tax increase in the Village of Claycomo that would impact small businesses in that Village.

FISCAL DESCRIPTION

This bill adds certain villages to the list of cities and villages authorized to impose, upon voter approval, a sales tax of up to .5% for public safety purposes, including expenditures on equipment, city employee salaries and benefits, and facilities for police, fire, and emergency medical providers.

Currently, this only applies to the village of Claycomo.

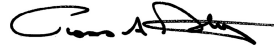
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration  
Division of Budget & Planning  
Department of Revenue  
Village of Claycomo



Julie Morff  
Director  
January 31, 2020



Ross Strobe  
Assistant Director  
January 31, 2020