

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5236-02
Bill No.: HB 2376
Subject: Taxation and Revenue - General; Taxation and Revenue - Sales and Use; Revenue Department; Hospitals; Counties
Type: Original
Date: March 2, 2020

Bill Summary: This proposal provides for the distribution of sales tax revenue upon dissolution of a hospital district.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
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 2021	FY 2022	FY 2023
Local Government	\$0*	\$0	\$0

*Distribution of final proceeds net to zero

FISCAL ANALYSIS

ASSUMPTION

§205.202 - Dissolution of a hospital district and distribution of sales tax revenue

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

The proposal clarifies what happens upon dissolution of a hospital district that was levying a sales tax. The sales tax is to be distributed 25% to the county public health center and 75% to the federally qualified health center.

The Ripley County Hospital has dissolved, and sales tax assessments stopped being collected on September 30, 2019. Below are the collection amounts for the last three (3) months of the 2019 tax year:

- December, 2019 - \$1,390.46
- November, 2019 - \$41,356.91
- October, 2019 - \$43,768.33

DOR distributes the sales tax money collected as the department receives it. There is currently no taxes to distribute, but the distribution account will remain open if DOR receives money for this district and any money will be distributed to the account information on file.

Oversight notes the provisions of this proposal apply to Ripley County. Oversight also notes the Ripley County Memorial Hospital closed in October 2018, leading to the question of what to do with the sales tax proceeds that have been collected under Section 205.202. Ripley County officials did not respond to Oversight's request for a statement of fiscal impact. Therefore, Oversight assumes the proposal will have no net fiscal impact to entities within Ripley County and any sales tax funds collected for the hospital district will be distributed 25% to the Ripley County Public Health Center and 75% to Big Springs Medical Association/Missouri Highlands Health Care, the federally qualified health center (FQHC). Oversight will reflect this final distribution occurring in FY 2021, and netting to zero. Oversight does not know what sales tax proceeds will be available for this distribution; therefore, Oversight will assume unknown amounts to the various entities.

Oversight notes the **Department of Health and Senior Services** and the **Department of Social Services** have stated the proposal would not have a direct fiscal impact on their organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these organizations.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
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RIPLEY COUNTY

<u>Income</u> - County public health center - 25% of funds remaining in special trust.	Unknown	\$0	\$0
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<u>Income</u> - federally qualified health center - 75% of funds remaining in special trust.	Unknown	\$0	\$0
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<u>Loss</u> - Ripley County Hospital District - remaining proceeds from sales tax distributed to other entities (above)	<u>(Unknown)</u>	<u>\$0</u>	<u>\$0</u>
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ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS WITHIN RIPLEY COUNTY	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This bill provides that, upon the dissolution of a county hospital district in Ripley County levying a sales tax for the purpose of funding the district, the sales tax shall be automatically repealed and 25% of the funds remaining in the special trust fund will be distributed to the county public health center and 75% will be distributed to a federally qualified health center located in the 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 Health and Senior Services
Department of Revenue
Department of Social Services



Julie Morff
Director
March 2, 2020



Ross Strobe
Assistant Director
March 2, 2020