

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5390H.011  
 Bill No.: HB 2590  
 Subject: Political Subdivisions; Taxation and Revenue - Sales and Use; Cities, Towns, and Villages  
 Type: Original  
 Date: February 15, 2024

Bill Summary: This proposal authorizes the city of Joplin to levy a sales tax for public safety purposes upon voter approval.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue*	\$0	\$0 or up to \$59,260*	\$0 or up to \$90,667
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0 or up to \$59,260*</b>	<b>\$0 or up to \$90,667</b>

\*Represents the potential 1% Department of Revenue collection fee, if voters approve the sales tax(es).

\*\* The estimated fiscal impact for fiscal year 2026 is lesser because FY 2026 is a partial year (8 months).

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
<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.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<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>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<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 \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
City of Joplin*	\$0	\$0 or up to \$5,866,711**	\$0 or up to \$8,976,067
<b>Local Government</b>	<b>\$0</b>	<b>\$0 or up to \$5,866,711**</b>	<b>\$0 or up to \$8,976,067</b>

\*Pending voter approval.

\*\* The estimated fiscal impact for fiscal year 2026 is lesser because FY 2026 is a partial year (8 months).

**FISCAL ANALYSIS**

**ASSUMPTION**

**Section 94.900 - City of Joplin Public Safety Sales Tax**

Officials from the **Office of Administration - Budget and Planning (B&P)** defer to the local government in the City of Joplin for the fiscal impact of the 0.50% sales taxes. DOR’s retained collection fee will increase TSR because DOR will be able to collect its 1% administration fee for handling the collection of the tax.

Officials from the **Department of Revenue (DOR)** note this proposal allows a city with more than fifty-one thousand but fewer than fifty-eight thousand inhabitants and located in more than one county to adopt a sales tax for the purpose of funding public safety. DOR believes this is Joplin.

DOR records show that Joplin has taxable sales of:

CY	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Total
2017	\$319,246,476	\$343,129,993	\$344,923,713	\$363,527,520	\$1,370,827,701
2018	\$334,173,317	\$356,019,672	\$354,536,020	\$377,480,862	\$1,422,209,870
2019	\$342,626,835	\$362,955,312	\$364,074,798	\$388,757,496	\$1,458,414,440
2020	\$333,332,341	\$350,430,677	\$379,642,024	\$411,620,125	\$1,475,025,167
2021	\$397,523,397	\$434,444,664	\$400,127,308	\$427,402,675	\$1,659,498,045
2022	\$384,224,088	\$430,650,071	\$436,430,186	\$447,415,995	\$1,698,720,341
2023	\$394,594,224	\$440,075,051	\$421,387,816		

The Department notes this proposal allows up to a one-half of one percent sales tax. For the fiscal impact DOR will assume the one-half of one percent sales tax is adopted. However, for informational purposes DOR is showing how much would be collected if they just chose a lesser amount than the full one-half percent sales tax. Using the taxable sales and a 2% inflation rate in the future, DOR calculated the amount the City of Joplin would collect, and the fee retained by DOR as:

Joplin	1/4 of 1% Tax		1/2 of 1% Tax	
Fiscal Year	DOR 1% Fee	Local Collection	DOR 1% Fee	Local Collection
2025	\$43,573	\$4,313,758	\$87,147	\$8,627,515
2026	\$44,445	\$4,400,033	\$88,890	\$8,800,066
2027	\$45,334	\$4,488,034	\$90,667	\$8,976,067

DOR notes that this proposal would become effective on August 28, 2024, and the first election this issue could be presented to the voters would be the April 2025 general municipal election. This sales tax would become effective on the first day of the second calendar quarter after the director of revenue receives notice of the adoption of the sales tax, which is estimated to be October 1, 2025 (FY 2026) if adopted by the voters. Sales tax is remitted one month behind collection of the tax, so DOR estimates an impact for FY 2026 of 8 months.

Joplin	1/2 of 1% Tax	
Fiscal Year	DOR 1% Fee	Local Collection
2025	\$0	\$0
2026 * (8 months)	\$59,260	\$5,866,711
2027	\$90,667	\$8,976,067

\*Effective Date 8/28/2024

**Oversight** only reflects the responses received from state agencies and political subdivisions; however, officials from the City of Joplin were requested to respond to this proposed legislation but did not.

**Oversight** will range the fiscal impact from \$0 (not approved by voters) up to the estimates provided by the Department of Revenue for the fiscal impact to general revenue and the City of Joplin.

<u>FISCAL IMPACT – State Government</u>	FY 2025	FY 2026 (8 Mo.)	FY 2027
<b>GENERAL REVENUE</b>			
<u>Revenue Gain</u> - \$94,900 - DOR 1% Collection Fee <b>if</b> approved by voters	<u>\$0</u>	\$0 or up to <u>\$59,260</u>	\$0 or up to <u>\$90,667</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>\$0</u></b>	<b><u>\$0 or up to \$59,260</u></b>	<b><u>\$0 or up to \$90,667</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2025	FY 2026 (8 Mo.)	FY 2027
<b>CITY OF JOPLIN</b>			
Revenue Gain - §94.900 - Public Safety Sales Tax <b>if</b> approved by voters	<u>\$0</u>	<u>\$0 or up to \$5,866,711</u>	<u>\$0 or up to \$8,976,067</u>
<b>ESTIMATED NET EFFECT ON THE CITY OF JOPLIN</b>	<u><b>\$0</b></u>	<u><b>\$0 or up to \$5,866,711</b></u>	<u><b>\$0 or up to \$8,976,067</b></u>

FISCAL IMPACT – Small Business

Small businesses in the city of Joplin would be impacted if the new tax were approved by voters.

FISCAL DESCRIPTION

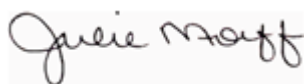
This bill authorizes any city with more than 51,000 but fewer than 58,000 inhabitants and located in more than one county, upon voter approval, to impose a sales tax of up to .05% for the purpose of improving the public safety of the city, limited to expenditures on equipment, salaries and benefits, and facilities for police, fire, and emergency medical providers.

Upon enactment, the bill will add the City of Joplin.


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 - Budget and Planning  
 Department of Revenue



Julie Morff  
 Director  
 February 15, 2024



Ross Strope  
 Assistant Director  
 February 15, 2024