

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1071H.011
 Bill No.: HB 149
 Subject: Taxation and Revenue - General; Counties; Taxation and Revenue - Sales and Use; Political Subdivisions
 Type: Original
 Date: March 20, 2025

Bill Summary: This proposal modifies provisions relating to the recreation sales tax for certain counties.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue*	\$0	\$0	\$0
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

*Oversight assumes this proposal removes the provision that both counties must jointly impose the tax. This could make it easier to pass the measure (in one of the counties). Oversight notes Section 67.782 was originally passed in 1987 and was updated in 1990 and 1991. If approved by voters in both Bollinger and Cape Girardeau counties, an additional 1% tax could generate roughly \$129,417 for the 1% DOR collection fee in FY 2027 and \$198,008 in FY 2028.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on FTE	0	0	0

- 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.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Bollinger County*	\$0	\$0	\$0
Cape Girardeau County*	\$0	\$0	\$0
Local Government	\$0	\$0	\$0

*Oversight assumes this proposal removes the provision that both counties must jointly impose the tax. This could make it easier to pass the measure (in one of the counties). Oversight notes Section 67.782 was originally passed in 1987 and was updated in 1990 and 1991. If approved by voters, an additional 1% tax could generate roughly \$670,000 in Bollinger County and \$18.9 million in Cape Girardeau County.

FISCAL ANALYSIS

ASSUMPTION

Section 67.782 - Recreation Tax

Officials from the **Department of Revenue (DOR)** note the legislation states any county with more than nine thousand nine hundred but fewer than eleven thousand inhabitants with a county seat with more than one thousand but fewer than one thousand five hundred inhabitants and any county with more than eighty thousand but fewer than one hundred thousand inhabitants and with a county seat with more than thirteen thousand but fewer than seventeen thousand inhabitants can impose a sales tax for public recreational purposes. DOR believes that Bollinger County and Cape Girardeau County are the ones allowed the sales tax.

Both Bollinger County and Cape Girardeau County are allowed to adopt this tax by a vote of their people. This is a 1% sales tax. DOR notes that DOR is allowed to retain 1% of all sales tax collected for reimbursement of the department’s expenses.

BOLLINGER COUNTY

DOR records show that Bollinger County has taxable sales of :

Fiscal Year	Jul-Sept	Oct-Dec	Jan-Mar	April- June	Total
2020	\$12,560,145.46	\$13,495,032.67	\$13,446,426.78	\$13,405,148.98	\$52,906,753.89
2021	\$13,166,999.41	\$12,967,346.48	\$13,099,439.32	\$22,843,062.50	\$62,076,847.71
2022	\$13,657,520.51	\$14,342,136.19	\$14,986,689.07	\$22,478,730.17	\$65,465,075.94
2023	\$14,741,559.22	\$14,972,713.91	\$15,584,765.18	\$16,035,178.52	\$61,334,216.83

Sales Tax only

The Department notes this proposal allows a one percent sales tax. Using the taxable sales and a 2% inflation rate in the future, DOR calculated the amount that Bollinger County would collect, and the fee retained by DOR as:

Fiscal Year	Total Sales	Total Collections	DOR 1% Fee	Final Collection
2026	\$65,088,362	\$650,884	\$6,509	\$644,375
2027	\$66,390,129	\$663,901	\$6,639	\$657,262
2028	\$67,717,931	\$677,179	\$6,772	\$670,408

DOR notes that this proposal would become effective on August 28, 2025, and the first election this issue could be presented to the voters would be the April 2026 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, 2026 (FY 2027) if adopted by the voters. Sales tax is remitted one month behind collection of the tax, so DOR estimates an impact for FY 2027 of 8 months.

Bollinger County	1% Tax	
Fiscal Year	DOR 1%	Local Collection
2026	\$0	\$0
2027 (8 months)	\$4,426	\$438,175
2028	\$6,772	\$670,408
*Effective Date 8/28/2025		

CAPE GIRARDEAU COUNTY

DOR records indicate that Cape Girardeau County had taxable sales of:

Fiscal Year	Jul-Sept	Oct-Dec	Jan-Mar	April- June	Total
2020	318,049,760.59	346,574,051.34	359,218,108.71	378,945,057.54	1,402,786,978.18
2021	366,220,766.84	395,229,866.54	397,370,935.93	438,791,884.20	1,597,613,453.51
2022	379,093,258.62	422,916,960.53	450,150,408.76	457,241,987.23	1,709,402,615.14
2023	407,410,420.78	432,302,741.27	435,778,172.23	456,595,183.41	1,732,086,517.69

The Department notes this proposal allows a one percent sales tax. Using the taxable sales and a 2% inflation rate in the future, DOR calculated the amount that Cape Girardeau County would collect, and the fee retained by DOR as:

Fiscal Year	Total Sales	Total Collections	DOR 1% Fee	Final Collection
2026	\$1,838,104,069	\$18,381,041	\$183,810	\$18,197,230
2027	\$1,874,866,151	\$18,748,662	\$187,487	\$18,561,175
2028	\$1,912,363,474	\$19,123,635	\$191,236	\$18,932,398

DOR notes that this proposal would become effective on August 28, 2025, and the first election this issue could be presented to the voters would be the April 2026 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, 2026 (FY 2027) if adopted by the voters. Sales tax is remitted one month behind collection of the tax, so DOR estimates an impact for FY 2027 of 8 months.

Cape Girardeau	1% Tax	
Fiscal Year	DOR 1%	Local Collection
2026	\$0	\$0
2027 (8 months)	\$124,991	\$12,374,117
2028	\$191,236	\$18,932,398
*Effective Date 8/28/2025		

If passed will require the Department to make changes to Revenue Premier, Rate Manager, MyTax portal, Avalara Sales and use tax rate map, and website changes. These changes are estimated at \$1,832 per system change (\$7,328) for each county that passes it.

Oversight assumes the Department of Revenue is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

Officials from the **Office of Administration - Budget and Planning (B&P)** note the following:

Section 67.782.1(1) - B&P defers to the local government (County of Bollinger) for the fiscal impact of the recreational sales tax imposed at a rate of 1%. 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.

Section 67.782.1(2) - B&P defers to the local government (County of Cape Girardeau) for the fiscal impact of the recreational sales tax imposed at a rate of 1%. 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.

Section 67.783 – The statute change creates an intersectional reference back to the two counties described in Section 67.782.

Section 67.785 - The statute change creates an intersectional reference back to the two counties described in Section 67.782, modifies the member terms for the authority, and cleans up gender pronoun references.

Oversight notes this proposal states that Bollinger and Cape Girardeau counties do not have to act jointly to impose a recreational sales tax. If enacted, this bill will initially only apply to Bollinger and Cape Girardeau counties. If approved by voters, an additional 1% tax could generate roughly \$670,000 in Bollinger County and \$18.9 million in Cape Girardeau County.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

Small businesses in Cape Girardeau County or Bollinger County would need to collect the proposed tax(es), if approved by voters.

FISCAL DESCRIPTION

Currently, certain adjoining counties may jointly impose a sales tax in each of their respective counties for certain public recreational purposes. The sales taxes will not become effective unless it is approved by a majority of the voters in each county. This bill changes the authorization language so that the counties do not have to act jointly. Each county is individually authorized to impose, upon voter approval, its own tax for certain public recreational purposes.

The bill updates provisions regarding the Joint County Recreational Lake Authority and specifies that the terms of members will be staggered so that two members' terms expire on December 31st of each even-numbered year. If enacted, this bill will initially only apply to Bollinger and Cape Girardeau counties.

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

L.R. No. 1071H.011

Bill No. HB 149

Page 7 of 7

March 20, 2025

SOURCES OF INFORMATION

Department of Revenue

Office of Administration - Budget and Planning



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