

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1121H.02P  
Bill No.: Perfected HCS for HB Nos. 493 & 635  
Subject: Taxation and Revenue - General; Taxation and Revenue - Sales and Use; Property,  
Real and Personal; Department of Revenue; State Tax Commission  
Type: Original  
Date: March 27, 2025

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Bill Summary: This proposal provides a sales tax exemption for certain used personal property.

**FISCAL SUMMARY**

| <b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>          |  |                                       |                                       |
|--|--|---------------------------------------|---------------------------------------|
| <b>FUND AFFECTED</b>   | <b>FY 2026</b>                         | <b>FY 2027</b>                        | <b>FY 2028</b>                        |
| General Revenue  | Could exceed<br>(\$5,817,006)          | Could exceed<br>(\$9,968,269)         | Could exceed<br>(\$9,968,269)         |
| <b>Total Estimated Net<br/>Effect on General<br/>Revenue</b> | <b>Could exceed<br/>(\$5,817,006)*</b> | <b>Could exceed<br/>(\$9,968,269)</b> | <b>Could exceed<br/>(\$9,968,269)</b> |

\*Oversight notes the fiscal impact for FY 2026 is lesser because FY 2026 is a partial year.

| <b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>                      |  |                                       |                                       |
|---|--|---------------------------------------|---------------------------------------|
| <b>FUND AFFECTED</b>  | <b>FY 2026</b>                         | <b>FY 2027</b>                        | <b>FY 2028</b>                        |
| School District Trust<br>Fund (0688)                                  | Could exceed<br>(\$3,321,665)          | Could exceed<br>(\$6,641,147)         | Could exceed<br>(\$6,641,147)         |
| Conservation<br>Commission Fund<br>(0609)                             | Could exceed<br>(\$242,375)            | Could exceed<br>(\$415,344)           | Could exceed<br>(\$415,344)           |
| Parks and Soils State<br>Sales Tax Fund(s)<br>(0613 & 0614)           | Could exceed<br>(\$193,900)            | Could exceed<br>(\$332,276)           | Could exceed<br>(\$332,276)           |
| <b>Total Estimated Net<br/>Effect on <u>Other</u> State<br/>Funds</b> | <b>Could exceed<br/>(\$3,757,940)*</b> | <b>Could exceed<br/>(\$7,388,767)</b> | <b>Could exceed<br/>(\$7,388,767)</b> |

\*Oversight notes the fiscal impact for FY 2026 is lesser because FY 2026 is a partial year.

Numbers within parentheses: () indicate costs or losses.

| <b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>                  |                |                |                |
|---|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>  | <b>FY 2026</b> | <b>FY 2027</b> | <b>FY 2028</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 2026</b> | <b>FY 2027</b> | <b>FY 2028</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 2026</b>                     | <b>FY 2027</b>                     | <b>FY 2028</b>                     |
|  |                                    |                                    |                                    |
|  |                                    |                                    |                                    |
| <b>Local Government</b>                    | <b>Could exceed (\$8,647,950)*</b> | <b>Could exceed (\$14,819,493)</b> | <b>Could exceed (\$14,819,493)</b> |

\*Oversight notes the fiscal impact for FY 2026 is lesser because FY 2026 is a partial year.

## **FISCAL ANALYSIS**

### **ASSUMPTION**

Due to time constraints, **Oversight** was unable to receive some agency responses in a timely manner and performed limited analysis. Oversight has presented this fiscal note on the best current information that we have or on information regarding a similar bill(s). Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

### **Sections 144.030 & 144.615 - Sales/Use Tax Exemption for Certain Used Personal Property**

Officials from the **Department of Revenue (DOR)** note currently when an item is purchased the customer owes sales or use tax on the item and each time it is resold, sales or use tax is owed. Whether you pay sales or use tax on the item depends on the business' nexus with the state. This proposal will exempt from sales tax an item that is used and sold at an auction. It should be noted that most auction sales are already exempt from taxation but consignment sales at auction are still subject to tax. This proposal would eliminate the tax on those sales also.

DOR does not maintain information on the number of these sales that are subject to tax in Missouri. Based on research into the industry approximately \$17.6 billion in revenue is generated annually. Missouri's share of national consumption per the U.S. Bureau of Economic Analysis says Missouri is about 1.7% of the consumption. Which means Missouri would have auction consignment sales of at least \$301,841,990 annually.

The state sales tax is 4.225%. That sales tax is broken down as:

|                           |       |
|---------------------------|-------|
| General Revenue           | 3%    |
| School District           | 1%    |
| Conservation Commission   | .125% |
| Parks, Soil & Water Funds | .1%   |

For fiscal note purposes, the Department is using a weighted local tax rate of 4.46% to calculate the average local sales tax loss. In an effort to more accurately reflect the estimated local impact, B&P and DOR have moved from a population weighted average local sales tax rate to a location weighted average local sales tax rate. This change was made to reflect where sales actually occur, rather than exclusively where people live.

This proposal would become effective on August 28, 2025. It should be noted that sales tax is remitted one month behind collections and therefore, this will have an impact of 9 months in the first year (FY 2026).

Exempting these sales would result in a loss of revenue of:

| Estimated Revenue Impact by Fund |                |                |
|----------------------------------|----------------|----------------|
| State Funds                      | FY 2026        | FY 2027+       |
| General Revenue                  | (\$6,791,445)  | (\$9,055,260)  |
| School District                  | (\$2,263,815)  | (\$3,018,420)  |
| Conservation                     | (\$282,977)    | (\$377,302)    |
| Park, Soil &<br>Water            | (\$226,382)    | (\$301,842)    |
| Total State<br>Revenues          | (\$9,564,619)  | (\$12,752,824) |
| Local Funds                      |                |                |
| Local Sales Tax                  | (\$10,096,615) | (\$13,462,153) |

This will require the Department to update the department's website and computer programs (\$1,832).

**Oversight** notes the DOR requests one-time cost for website and computer updates to comply with the proposed language; however, Oversight notes that DOR receives appropriation for routine website updates and will not show those costs in the fiscal note.

In response to a previous version (HCS for HBs 493 & 635), officials from the **Office of Administration - Budget and Planning (B&P)** note this proposal would exempt sales at auction from state and local sales tax. B&P notes that the majority of auction sales are already exempt from taxation<sup>1</sup>. However, consignment sales at auction are subject to state and local sales tax.

Based on industry research, B&P determined that in the U.S. auction consignment sales generate approximately \$9.7 billion in revenue per year. Based on data published by the U.S. Bureau of Economic Analysis, B&P estimates that the share of national consumption occurring in Missouri was about 1.7% in 2023. Therefore, B&P estimates that Missouri auction consignment sales could be \$166,356,097 annually.

Based on the above information, B&P estimates that this proposal could reduce TSR by \$7,028,545 (\$166,356,097 x 4.225%) and GR by \$4,990,683 (\$166,356,097 x 3.0%) annually. Using the location weighted average local sales tax rate of 4.46% for 2024, B&P further estimates that this provision could reduce local sales tax collections by \$7,419,482 annually.

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<sup>1</sup> <https://dor.mo.gov/taxation/business/documents/Auction-Companies.pdf>

Table 4: Estimated Auction Loss by Fund

| State Fund       | FY 2026       | FY 2027+      |
|------------------|---------------|---------------|
| GR               | (\$3,743,012) | (\$4,990,683) |
| Education        | (\$1,247,671) | (\$1,663,561) |
| Conservation     | (\$155,959)   | (\$207,945)   |
| DNR              | (\$124,767)   | (\$166,356)   |
| Total State Loss | (\$5,271,409) | (\$7,028,545) |
| Local Funds      |               |               |
| Local Sales Tax  | (\$5,564,612) | (\$7,419,482) |

In response to a previous version (HCS for HBs 493 & 635), officials from the **City of Kansas City** assume the proposed legislation has a negative fiscal impact of an indeterminate amount.

Officials from the **Department of Natural Resources** defer to the Department of Revenue for the potential fiscal impact of this proposal.

**Oversight** notes the Park, Soil, and Water Sales Tax funds are derived from the one-tenth of one percent sales and use tax pursuant to Article IV Section 47 (a) thus DNR's sales taxes are constitutional mandates. Oversight assumes the proposed sales tax exemption may decrease the amount of sales tax revenue distributed to this fund. Therefore, Oversight will reflect B&P's and DOR's fiscal impact estimates for DNR's funds.

In response to a previous version (HCS for HBs 493 & 635), officials from the **Missouri Department of Conservation** assume an unknown fiscal impact. The Conservation Sales Tax funds are derived from one-eighth of one percent sales and use tax pursuant to Article IV Section 43 (a) of the Missouri Constitution. The Department defers to the Department of Revenue as it is responsible for tax collection and would be better able to estimate the anticipated fiscal impact that would result from this proposal.

**Oversight** notes that the Conservation Sales Tax funds are derived from one-eighth of one percent sales and use tax of the Missouri Constitution, thus MDC's sales taxes are constitutional mandates. Oversight assumes the proposed sales tax exemption may decrease the amount of sales tax revenue distributed to this fund. Therefore, Oversight will reflect B&P's and DOR's fiscal impact estimates for MDC's funds.

**Oversight** notes per the [US Census Bureau](#), there were \$392,494,000 in sales for [used merchandise retailers](#) in Missouri in 2022.

**Oversight** notes officials from B&P and DOR both assume the proposal will have a direct fiscal impact on state revenues. Oversight does not have any information to the contrary. Therefore,

Oversight will reflect an amount that could exceed the amounts estimated by B&P in the fiscal note.

In response to a previous version (HCS for HBs 493 & 635), officials from the **Phelps County Sheriff, Kansas City Police Department**, and the **St. Louis County Police Department** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

#### **HA 1 Section 144.812 - Sales Tax Exemption for Certain Broadband Equipment**

Officials from the **Department of Revenue (DOR)** note this will provide a sales tax exemption for all machinery and equipment used to provide broadband communication services. DOR is unable to determine how much of the product outlined in this proposal is sold annually in Missouri.

DOR, however, can find data on the amount of federal grants received by broadband providers. Below is a chart of the federal grants received in Missouri and split between labor costs and estimated equipment costs. Based on additional research the department knows that about 60% of broadband production costs is labor. Therefore, DOR assumes the grants are split as follows:

Table 1: Estimated Broadband Grants

| Tax Year | Federal Grants | Est. Labor    | Est. Equipment |
|----------|----------------|---------------|----------------|
| 2019     | \$30,301,421   | \$18,180,853  | \$12,120,568   |
| 2020     | \$137,577,527  | \$82,546,516  | \$55,031,011   |
| 2021     | \$39,629,766   | \$23,777,860  | \$15,851,906   |
| 2022     | \$94,975,079   | \$56,985,047  | \$37,990,032   |
| 2023     | \$364,851,264  | \$218,910,758 | \$145,940,506  |
| 2024     | \$457,790,308  | \$274,674,185 | \$183,116,123  |
| 2025     | \$421,776,466  | \$253,065,880 | \$168,710,586  |
| 2026     | \$395,565,663  | \$237,339,398 | \$158,226,265  |

DOR notes that these grants are given to install and create a broadband network. It should be noted that these networks will take ongoing maintenance in future years. Therefore, any impact projected estimate could be exceeded.

DOR notes that the amount of funding spent on broadband in the future is unknown. As shown above the amount of funding can vary widely year over year. For the fiscal note, DOR will show the impact for each year as the lowest year (2019) to the highest year (2024) of grants received in Missouri.

The exemption will begin on January 1, 2026. Using the data above DOR estimates the impact as follows:

Estimated Sales Tax Loss by Tax Year

|                    |                 | <b>TY 2026 +</b>  |                    |
|--------------------|-----------------|-------------------|--------------------|
|                    |                 | Low               | High               |
|                    | Est. Investment | \$12,120,568      | \$183,116,123      |
| General Revenue    | 3%              | (\$363,617)       | (\$5,493,484)      |
| School District    | 1%              | (\$121,206)       | (\$1,831,161)      |
| Conservation       | 0.125%          | (\$15,151)        | (\$228,895)        |
| Park, Soil & Water | 0.10%           | <u>(\$12,121)</u> | <u>(\$183,116)</u> |
| TSR                |                 | (\$512,095)       | (\$7,736,656)      |
| Local Sales Tax    | 4.46%           | (\$540,577)       | (\$8,166,979)      |

It should be noted that sales tax is remitted one month behind collection and therefore this will impact state revenue for only 5 months in FY 2026. When converting from tax year to fiscal year the department uses a 50% in the first year and 50% in the second fiscal year.

Estimated Sales Tax Loss by Fiscal Year

|                             | FY 2026 (5 months) |                      | FY 2027+           |                      |
|-----------------------------|--------------------|----------------------|--------------------|----------------------|
|                             | Low                | High                 | Low                | High                 |
| <b><u>State Funds</u></b>   |                    |                      |                    |                      |
| General Revenue             | (\$151,507)        | (\$2,288,952)        | (\$363,617)        | (\$5,493,484)        |
| School District             | (\$50,503)         | (\$762,984)          | (\$121,206)        | (\$1,831,161)        |
| Conservation                | (\$6,313)          | (\$95,373)           | (\$15,151)         | (\$228,895)          |
| Park, Soil & Water          | (\$5,050)          | (\$76,298)           | (\$12,121)         | (\$183,116)          |
| <b>Total State Revenues</b> | <b>(\$213,373)</b> | <b>(\$3,223,607)</b> | <b>(\$512,095)</b> | <b>(\$7,736,656)</b> |
| <b><u>Local Funds</u></b>   |                    |                      |                    |                      |
| Local Sales Tax             | (\$225,240)        | (\$3,402,908)        | (\$540,577)        | (\$8,166,979)        |

This will require DOR to update the department's forms (\$2,200), the department's website and the department's computer programs (\$7,327).

**Oversight** notes the DOR requests one-time cost for website income-tax changes and updates to comply with the proposed language; however, Oversight notes that DOR receives appropriation for routine website updates and will not show those costs in the fiscal note.

In response to a similar proposal this year, (HB 743), officials from the **Office of Administration - Budget and Planning (B&P)** note beginning tax year 2026, this proposal would exempt all machinery and equipment used to provide broadband from state and local sales/use tax. B&P notes that this proposal would include equipment used at the broadband service provider (such as software and hub equipment), equipment used outside (such as fiber and poles), and equipment used within a customer's house (such as modems).

B&P is unable to determine exactly how much is spent each year to provide broadband internet service. However, B&P does have data on the amount of federal grants received by broadband providers since 2019. Based on industry research, labor accounts for approximately 60% of broadband production costs.

For the purpose of this fiscal note, B&P will use federal grant data to estimate the potential sales tax loss. However, B&P notes that this is only partial data and does not account for continuing costs faced by service providers running networks. Therefore, it is likely that the actual impact will exceed (maybe significantly) the impacts estimated below.

Based on multiple sources, B&P was able to determine the following federal grants were awarded to Missouri broadband providers. B&P then split the grants between labor (60%) and equipment (40%).

Table 1: Estimated Broadband Grants

| Tax Year | Federal Grants | Est. Labor    | Est. Equipment |
|----------|----------------|---------------|----------------|
| 2019     | \$30,301,421   | \$18,180,853  | \$12,120,568   |
| 2020     | \$137,577,527  | \$82,546,516  | \$55,031,011   |
| 2021     | \$39,629,766   | \$23,777,860  | \$15,851,906   |
| 2022     | \$94,975,079   | \$56,985,047  | \$37,990,032   |
| 2023     | \$364,829,766  | \$218,897,860 | \$145,931,906  |
| 2024     | \$457,790,308  | \$274,674,185 | \$183,116,123  |
| 2025     | \$421,776,466  | \$253,065,880 | \$168,710,586  |
| 2026     | \$395,565,663  | \$237,339,398 | \$158,226,265  |

B&P notes that total investment amounts for 2026 and later are not yet known. Therefore, for tax year 2026, B&P will reflect the potential loss as the range between current known grants and the highest amount awarded (TY 2024). For tax years 2027 and later, B&P will reflect a range between the lowest (TY 2019) and highest (TY 2024) grant years.

Using only the portion of the federal grants used on the purchase of equipment (i.e. 40%), B&P estimates that this proposal could exempt between \$158,226,265 and \$183,116,123 in taxable



sales during calendar year 2026. For calendar years 2027 and beyond, B&P estimates that this proposal could exempt \$12,120,568 to \$183,116,123 from taxable sales annually. Table 2 shows the estimated impact by calendar year.

Table 2: Estimated Sales Tax Loss by Calendar Year

| <b><u>State Funds</u></b>   | CY 2026              |                      | CY 2027 +          |                      |
|-----------------------------|----------------------|----------------------|--------------------|----------------------|
|                             | Low                  | High                 | Low                | High                 |
| General Revenue             | (\$4,746,788)        | (\$5,493,484)        | (\$363,617)        | (\$5,493,484)        |
| Education                   | (\$1,582,263)        | (\$1,831,161)        | (\$121,206)        | (\$1,831,161)        |
| Conservation                | (\$197,783)          | (\$228,895)          | (\$15,151)         | (\$228,895)          |
| DNR                         | (\$158,226)          | (\$183,116)          | (\$12,121)         | (\$183,116)          |
| <b>Total State Revenues</b> | <b>(\$6,685,060)</b> | <b>(\$7,736,656)</b> | <b>(\$512,095)</b> | <b>(\$7,736,656)</b> |
| <b><u>Local Funds</u></b>   |                      |                      |                    |                      |
| Local Sales Tax             | (\$7,056,891)        | (\$8,166,979)        | (\$540,577)        | (\$8,166,979)        |

Based on historical sales tax data, sales tax collections in a calendar year are split 50/50 between fiscal years, with revenue distributions running one month behind collections. Therefore, B&P estimates that this proposal could reduce TSR by an amount that could exceed \$2,785,442 to \$3,223,607 in FY26. In future years, this proposal could reduce TSR by an amount that may exceed \$512,095 to \$7,736,656 annually. Table 3 shows the estimated impact by fiscal year.

Table 3: Estimated Sales Tax Loss by Fiscal Year

| <b><u>State Funds</u></b>   | FY 2026              |                      | FY 2027            |                      |
|-----------------------------|----------------------|----------------------|--------------------|----------------------|
|                             | Low                  | High                 | Low                | High                 |
| General Revenue             | (\$1,977,828)        | (\$2,288,952)        | (\$363,617)        | (\$5,493,484)        |
| Education                   | (\$659,276)          | (\$762,984)          | (\$121,206)        | (\$1,831,161)        |
| Conservation                | (\$82,410)           | (\$95,373)           | (\$15,151)         | (\$228,895)          |
| DNR                         | (\$65,928)           | (\$76,298)           | (\$12,121)         | (\$183,116)          |
| <b>Total State Revenues</b> | <b>(\$2,785,442)</b> | <b>(\$3,223,607)</b> | <b>(\$512,095)</b> | <b>(\$7,736,656)</b> |
| <b><u>Local Funds</u></b>   |                      |                      |                    |                      |
| Local Sales Tax             | (\$2,940,371)        | (\$3,402,908)        | (\$540,577)        | (\$8,166,979)        |

**Oversight** notes using the data provided by Office of Administration - Budget and Planning, the average amount of federal grants used on the purchase of equipment from 2023-2025 was \$165,919,538. For purposes of this fiscal note, Oversight assumes this proposal could exempt at least \$165,919,538 in taxable sales each year. Oversight notes the following estimated impact by fund/fiscal year:

| Fund                       | FY 2026 (5 months) | FY 2027+      |
|----------------------------|--------------------|---------------|
| General Revenue            | (\$2,073,994)      | (\$4,977,586) |
| School District Trust Fund | (\$691,331)        | (\$1,659,195) |
| Conservation               | (\$86,416)         | (\$207,399)   |
| Parks & Soils              | (\$69,133)         | (\$165,920)   |
|                            |                    |               |
| Locals                     | (\$3,083,338)      | (\$7,400,011) |

**Oversight** is unable to determine the amount of qualifying items sold in the future, therefore, Oversight will show a fiscal impact that could exceed the figures estimated above.

Officials from the **Department of Natural Resources** defer to the Department of Revenue for the potential fiscal impact of this proposal.

**Oversight** notes the Park, Soil, and Water Sales Tax funds are derived from the one-tenth of one percent sales and use tax pursuant to Article IV Section 47 (a) thus DNR's sales taxes are constitutional mandates. Oversight assumes the proposed sales tax exemption may decrease the amount of sales tax revenue distributed to this fund. Therefore, Oversight will reflect the fiscal impact estimated above for DNR's funds.

In response to a similar proposal this year, (HB 743), officials from the **Missouri Department of Conservation** assume an unknown fiscal impact. The Conservation Sales Tax funds are derived from one-eighth of one percent sales and use tax pursuant to Article IV Section 43 (a) of the Missouri Constitution. The Department defers to the Department of Revenue as it is responsible for tax collection and would be better able to estimate the anticipated fiscal impact that would result from this proposal.

**Oversight** notes that the Conservation Sales Tax funds are derived from one-eighth of one percent sales and use tax of the Missouri Constitution, thus MDC's sales taxes are constitutional mandates. Oversight assumes the proposed sales tax exemption may decrease the amount of sales tax revenue distributed to this fund. Therefore, Oversight will reflect the fiscal impact estimated above for MDC's funds.

In response to a similar proposal this year, (HB 743), officials from the **City of Kansas City** assume the proposed legislation has a negative fiscal impact of an indeterminate amount.

**Oversight** notes the above local political subdivision stated this proposal would have a negative fiscal impact on their respective city of an indeterminate amount. Oversight assumes the proposed sales tax exemption may decrease the amount of sales tax revenue distributed to various local political subdivisions. Therefore, Oversight will note the fiscal impact estimated above for all local political subdivisions on the fiscal note.

**Oversight** only reflects the responses received from state agencies and political subdivisions; however, other local political subdivisions were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

| <u>FISCAL IMPACT – State Government</u>  | FY 2026<br>(9 Mo.)  | FY 2027   | FY 2028   |
|--|---|---|---|
|  |   |   |   |
| <b>GENERAL REVENUE FUND</b>  |   |   |   |
|  |   |   |   |
| <u>Revenue Reduction</u> - §144.030 & 144.615 - Sales/use tax exemption for certain used personal property | Could exceed<br>(\$3,743,012)                             | Could exceed<br>(\$4,990,683)                             | Could exceed<br>(\$4,990,683)                             |
|  |   |   |   |
| <u>Revenue Reduction</u> - HA 1 - §144.812 - Sales tax exemption for certain broadband equipment           | <u>Could exceed</u><br>(\$2,073,994)                      | <u>Could exceed</u><br>(\$4,977,586)                      | <u>Could exceed</u><br>(\$4,977,586)                      |
|  |   |   |   |
| <b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>  | <b><u>Could exceed</u></b><br><b><u>(\$5,817,006)</u></b> | <b><u>Could exceed</u></b><br><b><u>(\$9,968,269)</u></b> | <b><u>Could exceed</u></b><br><b><u>(\$9,968,269)</u></b> |
|  |   |   |   |
|  |   |   |   |
| <b>SCHOOL DISTRICT TRUST FUND</b>  |   |   |   |
|  |   |   |   |
| <u>Revenue Reduction</u> - §144.030 & 144.615 - Sales/use tax exemption for certain used personal property | Could exceed<br>(\$1,247,671)                             | Could exceed<br>(\$1,663,561)                             | (Could exceed<br>\$1,663,561)                             |
|  |   |   |   |
| <u>Revenue Reduction</u> - HA 1 - §144.812 - Sales tax exemption for certain broadband equipment           | <u>Could exceed</u><br>(\$2,073,994)                      | <u>Could exceed</u><br>(\$4,977,586)                      | <u>Could exceed</u><br>(\$4,977,586)                      |
|  |   |   |   |
| <b>ESTIMATED NET EFFECT ON SCHOOL DISTRICT TRUST FUND</b>  | <b><u>Could exceed</u></b><br><b><u>(\$3,321,665)</u></b> | <b><u>Could exceed</u></b><br><b><u>(\$6,641,147)</u></b> | <b><u>Could exceed</u></b><br><b><u>(\$6,641,147)</u></b> |
|  |   |   |   |
|  |   |   |   |
| <b>CONSERVATION COMMISSION FUND</b>  |   |   |   |
|  |   |   |   |

| <u>FISCAL IMPACT – State Government</u>  | FY 2026<br>(9 Mo.)                                      | FY 2027   | FY 2028   |
|--|---|---|---|
| <u>Revenue Reduction</u> - §144.030 & 144.615 - Sales/use tax exemption for certain used personal property | Could exceed<br>(\$155,959)                             | Could exceed<br>(\$207,945)                             | Could exceed<br>(\$207,945)                             |
| <u>Revenue Reduction</u> - HA 1 - §144.812 - Sales tax exemption for certain broadband equipment           | <u>Could exceed</u><br>(\$86,416)                       | <u>Could exceed</u><br>(\$207,399)                      | <u>Could exceed</u><br>(\$207,399)                      |
| <b>ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND</b>  | <b><u>Could exceed</u></b><br><b><u>(\$242,375)</u></b> | <b><u>Could exceed</u></b><br><b><u>(\$415,344)</u></b> | <b><u>Could exceed</u></b><br><b><u>(\$415,344)</u></b> |
|  |   |   |   |
| <b>PARKS AND SOILS STATE SALES TAX FUNDS</b>   |   |   |   |
|  |   |   |   |
| <u>Revenue Reduction</u> - §144.030 & 144.615 - Sales/use tax exemption for certain used personal property | Could exceed<br>(\$124,767)                             | Could exceed<br>(\$166,356)                             | Could exceed<br>(\$166,356)                             |
| <u>Revenue Reduction</u> - HA 1 - §144.812 - Sales tax exemption for certain broadband equipment           | <u>Could exceed</u><br>(\$69,133)                       | <u>Could exceed</u><br>(\$165,920)                      | <u>Could exceed</u><br>(\$165,920)                      |
| <b>ESTIMATED NET EFFECT ON PARKS AND SOILS STATE SALES TAX FUNDS</b>                                       | <b><u>Could exceed</u></b><br><b><u>(\$193,900)</u></b> | <b><u>Could exceed</u></b><br><b><u>(\$332,276)</u></b> | <b><u>Could exceed</u></b><br><b><u>(\$332,276)</u></b> |

| <u>FISCAL IMPACT – Local Government</u>  | FY 2026<br>(9 Mo.)            | FY 2027                       | FY 2028                       |
|--|-------------------------------|-------------------------------|-------------------------------|
|  |                               |                               |                               |
| <b>LOCAL POLITICAL SUBDIVISIONS</b>  |                               |                               |                               |
|  |                               |                               |                               |
| <u>Revenue Reduction</u> - §144.030 & 144.615 - Sales/use tax exemption for certain used personal property | Could exceed<br>(\$5,564,612) | Could exceed<br>(\$7,419,482) | Could exceed<br>(\$7,419,482) |
|  |                               |                               |                               |

| <u>FISCAL IMPACT – Local Government</u>   | FY 2026<br>(9 Mo.)  | FY 2027  | FY 2028  |
|---|---|--|--|
| Revenue Reduction - HA 1 - §144.812 -<br>Sales tax exemption for certain<br>broadband equipment | <u>Could exceed</u><br><u>(\$3,083,338)</u>               | <u>Could exceed</u><br><u>(\$7,400,011)</u>                | <u>Could exceed</u><br><u>(\$7,400,011)</u>                |
| <b>ESTIMATED NET EFFECT ON<br/>LOCAL POLITICAL<br/>SUBDIVISIONS</b>                             | <b><u>Could exceed</u></b><br><b><u>(\$8,647,950)</u></b> | <b><u>Could exceed</u></b><br><b><u>(\$14,819,493)</u></b> | <b><u>Could exceed</u></b><br><b><u>(\$14,819,493)</u></b> |

FISCAL IMPACT – Small Business

Certain auction businesses that sell certain personal property as defined in the proposal could be impacted by this proposal. Also, certain small businesses that sell certain broadband equipment would no longer need to collect sales tax on these items.

FISCAL DESCRIPTION

The proposed legislation provides a sales tax exemption for certain personal property.

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  
Office of Administration - Budget and Planning  
Missouri Department of Conservation  
Department of Natural Resources  
City of Kansas City  
Phelps County Sheriff  
Kansas City Police Dept.  
St. Louis County Police Dept



Julie Morff  
Director  
March 27, 2025



Jessica Harris  
Assistant Director  
March 27, 2025