

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1183H.011
 Bill No.: HB 492
 Subject: Political Subdivisions; Counties; Taxation and Revenue - Sales and Use
 Type: Original
 Date: March 12, 2025

Bill Summary: This proposal authorizes the expansion of Regional Jail Districts upon voter approval.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2026	FY 2027	FY 2028	Fully Implemented (FY 2029)
General Revenue	\$0 or Unknown, could exceed \$2,518	\$0 or Unknown, could exceed \$15,111	\$0 or Unknown, could exceed \$15,111	\$0 or Unknown, could exceed \$30,222
Total Estimated Net Effect on General Revenue*	\$0 or Unknown, could exceed \$2,518	\$0 or Unknown, could exceed \$15,111	\$0 or Unknown, could exceed \$15,111	\$0 or Unknown, could exceed \$30,222

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2026	FY 2027	FY 2028	Fully Implemented (FY 2029)
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2026	FY 2027	FY 2028	Fully Implemented (FY 2029)
Total Estimated Net Effect on All Federal Funds	\$0	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2026	FY 2027	FY 2028	Fully Implemented (FY 2029)
Total Estimated Net Effect on FTE	0	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	Fully Implemented (FY 2029)
Local Government	\$0 or Unknown, could exceed \$251,846	\$0 or Unknown, could exceed \$1,511,075	\$0 or Unknown, could exceed \$1,511,075	\$0 or Unknown, could exceed \$3,022,150

FISCAL ANALYSIS

ASSUMPTION

§§221.400, 221.402, 221.405, 221.407 & 221.410 – Regional Jail Districts

Officials from the **Department of Revenue (DOR)** notes that the Daviess/DeKalb Regional Jail District is the only one formed under §221.400. It currently assesses a 1/2% sales tax. For FY 24, they collected \$1,511,075. DOR is unaware if any of the surrounding counties are wishing to join this district. DOR assumes that once a new county would pass the sales tax and adopt the required ordinance, they would notify DOR and DOR would get the new county set up. This would require DOR to update its distribution program estimated to cost \$1,832 at the time that DOR is notified.

Oversight assumes this proposal changes the sales tax percentage to up to 1%. Since the current Daviess/DeKalb Regional Jail District collects ½% in sales tax revenue, it is possible that the county commission could add the question to increase (up to double) the sales tax rate to the November 2025 ballot. Oversight is also unaware of any surrounding counties who may want to join the current district. However, should a surrounding county get voter approval and approve an ordinance to join the district, additional revenues could be generated for the Regional Jail District. Oversight notes that not only is there an emergency clause for this proposal, but the current expiration date of September 30, 2028 is being removed from this proposal. Oversight assumes should the proposal pass, the current collection of sales tax for the Regional Jail District will continue into FY29 and beyond. Oversight also assumes if an additional sales tax is passed by the voters, the 1st day it would be effective would be April of 2026, assuming it is on the ballot November of 2025, and the collection of sales tax would be in May of 2026. Therefore, Oversight will reflect a \$0 (no additional increase to sales tax approved by voters) or estimated revenues received (if approved by the voters) by the Regional Jail District to be unknown that could exceed the current DOR amount, as well as, a 1% administration fee collected by DOR.

Oversight assumes this proposal removes the expiration date of September 30, 2028 (§221.407). Therefore, Oversight will show the current existing sales tax in place and the additional sales tax from this proposal beginning in FY 2029.

This proposal has an emergency clause that would allow counties wanting to join an existing jail district to place before the voters the question to accept the jail tax as early as the November 2025 general election.

Officials from the **Office of Administration - Budget and Planning (B&P)** defer to the counties within the regional jail districts for the fiscal impact. 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 sales taxes from this proposal. The proposal also includes an emergency clause.

Officials from the **Kansas City Election Board (KCEB)** assume a cost of \$800,000 to conduct an election in the Kansas City portion of Jackson County. The State would be responsible for their pro-rata share based on voter registration.

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by the DOR & the Kansas City Election Board.

Oversight notes Section B of the proposal includes an emergency clause, therefore once the proposal is enacted (if signed by the governor before August, 28, 2025) it could go on the ballot before the voters as early as November 2025 (FY26). Oversight assumes this issue would fall on an already occurring election.

Officials from the **Department of Corrections**, the **Department of Public Safety (Office of the Director & Missouri Highway Patrol)**, the **Office of the Secretary of State**, the **City of Kansas City**, **Osceola**, the **Jackson County Board of Elections**, the **Platte County Board of Elections**, the **St. Louis City Board of Elections**, the **St. Louis County Board of Elections** and the **Office of the State Courts Administrator** 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.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other cities and counties 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 (2 Mo.)	FY 2027	FY 2028	Fully Implemented (FY 2029)
GENERAL REVENUE				
<u>Revenues – DOR – 1% administration fee on sales tax collection §§221.400 to 221.410</u>	\$0 or Unknown, could exceed \$2,518	\$0 or Unknown, could exceed \$15,111	\$0 or Unknown, could exceed \$15,111	\$0 or Unknown, could exceed \$30,222
ESTMATED NET EFFECT ON GENERAL REVENUE	\$0 or Unknown, could exceed \$2,518	\$0 or Unknown, could exceed \$15,111	\$0 or Unknown, could exceed \$15,111	\$0 or Unknown, could exceed \$30,222

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (2 Mo.)	FY 2027	FY 2028	Fully Implemented (FY 2029)
REGIONAL JAIL DISTRICT(S)				
<u>Revenue</u> – additional sales taxes received if approved by voters §§221.400 to 221.410	\$0 or Unknown, could exceed \$251,846	\$0 or Unknown, could exceed \$1,511,075	\$0 or Unknown, could exceed \$1,511,075	\$0 or Unknown, could exceed \$3,022,150
ESTIMATED NET EFFECT ON REGIONAL JAIL DISTRICT(S)	\$0 or Unknown, could exceed \$251,846	\$0 or Unknown, could exceed \$1,511,075	\$0 or Unknown, could exceed \$1,511,075	\$0 or Unknown, could exceed \$3,022,150

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This bill requires a county wanting to join an existing regional jail district that already levies a sales tax to first obtain approval from its voters to levy that sales tax.

The bill adds equipping and maintaining jail facilities and leasing jail properties to the powers authorized to a jail district.

Commissioners must serve until their successors in their county offices have assumed office.

This bill increases the maximum authorized sales tax used to fund a regional jail district to 1% of retail sales made in the region.

The bill repeals the 12 month required interval between votes for voting on the jail district levy and joining the jail district.

Expenditures from the tax levy of the regional jail district are expanded to include any of the district's authorized purposes.

The expiration date of September 30, 2028, for regional jail districts is repealed.

This bill allows regional jail districts to buy, lease, or sell personal property for authorized purposes.

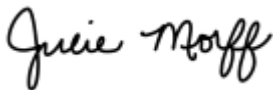
Regional jail districts are authorized to contract with governmental entities, including departments and their instrumentalities, and private entities to house prisoners.

This bill contains an emergency clause.

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
Department of Corrections
Department of Public Safety
 Office of the Director
 Missouri Highway Patrol
City of Kansas City
Osceola
Jackson County Board of Elections
Kansas City Election Board
Platte County Board of Elections
St. Louis City Board of Elections
St. Louis County Board of Elections
Office of the State Courts Administrator
Office of the Secretary of State



Julie Morff
Director
March 12, 2025



Jessica Harris
Assistant Director
March 12, 2025