

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2624H.01I
Bill No.: HB 1268
Subject: Fire Protection; Cities, Towns, and Villages; Saint Louis County; Taxation and Revenue - Property; Taxation and Revenue - Sales and Use
Type: Original
Date: March 11, 2025

Bill Summary: This proposal creates provisions relating to taxes for emergency services.

FISCAL SUMMARY

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

*Oversight assumes the potential unknown amount of revenue (Department of Revenue's 1% collection fee on sales tax – if collected by DOR) from this proposal will not reach the \$250,000 threshold.

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
Local Government	\$0	\$0 or Unknown	\$0 or Unknown

FISCAL ANALYSIS

ASSUMPTION

§321.905 – Taxes on Emergency Services in St. Louis County, St. Charles County, Clay County, Platte County and Greene County

Officials from **Department of Revenue (DOR)** assume this proposal would allow the following political subdivisions to adopt a property tax and a sales tax for fire and ambulance services. The counties of St. Louis, St. Charles, Clay, Platte, Greene and identified in this proposal. Additionally, all cities within St. Louis County could potentially enact this including:

Afton	Concord	Grantwood	Normandy	Sycamore Hills Town and Country
Allenton	Cool Valley Country Club Hills	Green Park	Northwoods	
Ballwin	Country Life Acres	Greendale	Norwood Court	Twin Oaks
Bella Villa Bellevue Neighbors City of Bellerive Acres	Crestwood	Grover	Oakland	University City
	Creve Coeur Crystal Lake Park	Hanley Hills	Oakville	Uplands Park
Bel-Nor		Hazelwood	Old Jamestown	Valley Park
		Hillsdale	Olivette	Velda City Velda Village Hills
Bel-Ridge	Dellwood	Huntleigh	Overland	
Berkeley	Des Peres	Jennings	Pagedale	Vinita Park
Beverly Hills	Edmundson	Kinloch	Pasadena Hills	Vinita Terrace
Black Jack	Ellisville	Kirkwood	Pasadena Park	Warson Woods
Breckenridge Hills	Eureka	Ladue	Pine Lawn Richmond Heights	Webster Groves
Brentwood	Fenton	Lakeshire		Wellston
Bridgeton	Ferguson	Lemay	Riverview	Westwood
Calverton Park	Florissant	Mackenzie	Rock Hill	Wilbur Park
Castle Point Champ	Florissant Frontenac	Manchester Maplewood	Sappington Shrewsbury	Wildwood Winchester Woodson Terrace
Charlack	Glasgow Village	Marlborough Maryland	Spanish Lake	
Chesterfield	Glen Echo Park	Heights	St. Ann	
Clarkson Valley	Glencoe	Mehlville	St. John	
Clayton	Glendale	Moline Acres	Sunset Hills	

This proposal allows a political subdivision to create a tax on all real property and then a sales tax in order to fund fire protection services. In order to enact the property tax, the citizens of the district must adopt the tax at an election. They are allowed to collect up to \$0.25 cents per \$100 assessed valuation.

If the city adopts the property tax, they can then go back to their voters to implement a sales tax to be used to fund their fire or ambulance services. This sales tax can be up to one percent on all sales subject to taxation under Chapter 144 for fire protection services or up to half of one percent for ambulance services. This sales tax must also be adopted by the voters at another election.

This proposal states the sales tax is to be used to reduce the property tax collected. The fire protection district is to calculate the amount of sales tax and property tax collected and their expenses. Using the sales tax collected, they are to lower the property tax rate by the amount generated under the sales tax.

This proposal does not require that DOR collect the sales tax on behalf of the political subdivision, fire protection district or ambulance district. If DOR would be required to collect the sales tax, DOR would retain 1% of the amount of sales tax collected for reimbursement of their services. DOR does not collect property tax. It appears the political subdivisions would be responsible for the collection and estimating the impact.

DOR is unable to determine which if any of the designated political subdivisions would want to adopt these two taxes.

Oversight notes subsection 6 of the proposal does not clarify if DOR will be responsible for collecting the sales tax on behalf of the political subdivision, fire protection district and/or ambulance district should the proposal be voted on and approved by the voters. If DOR is responsible, then a 1% collection fee based off the sales tax would be collected. Therefore, Oversight will reflect a \$0 (no ballot issue/approval) or unknown amount of revenue to General Revenue as a direct fiscal impact for this proposal.

Oversight also assumes this proposal is permissive in nature and would have no local fiscal impact without the action by the governing body of municipalities within St. Louis County, St. Charles County, Clay County, Platte County and Greene County and the approval by the majority of voters within those local political subdivisions to levy and collect taxes on real property and/or sales tax to provide funding for emergency services. Therefore, Oversight will reflect a \$0 (no ballot issue/approval) or unknown amount of revenue to the local political subdivisions as a direct fiscal impact for this proposal.

Officials from the **Office of Administration - Budget and Planning (B&P)** defers to the municipalities and counties for the fiscal impact and the property tax reductions. There is no impact on TSR or the 18(e) calculation. B&P notes that the Blind Pension Trust Fund levies a tax of \$0.03 per \$100 on all property in Missouri. B&P assumes that because that tax levy is constitutional, this provision will not affect revenues to the Blind Pension Trust Fund. Therefore, local property tax revenues will decline by the full amount of the property tax credit, even though part of the credit could be attributable to growth in the Blind Pension Trust Fund revenues through increased assessment values. B&P notes that this interaction between state and local levies could result in additional loss to local revenues over time.

Officials from the **Office of the Secretary of State**, the **Platte County Board of Elections**, the **St. Louis County Board of Elections** and the **State Tax Commission** 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, counties, county assessors, county collectors, fire protection districts & ambulance districts 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 (10 Mo.)	FY 2027	FY 2028
GENERAL REVENUE			
<u>Revenue</u> – DOR – 1% collection fee on sales tax revenue §321.905	<u>\$0</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
LOCAL POLITICAL SUBDIVISIONS			
Revenue – potential increase in taxes collected on property and sales upon voter approval §321.905	<u>\$0</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>

FISCAL IMPACT – Small Business

If the voters approve the levy and collection of taxes on real property and/or sales tax, small businesses could be impacted from this proposal.

FISCAL DESCRIPTION

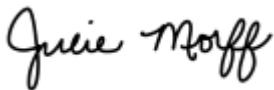
This bill authorizes municipalities located within St. Louis County, as well as St. Charles, Clay, Platte, and Greene counties to impose a property tax to provide fire protection services, with such tax not to exceed \$0.25 per \$100 assessed valuation.

The bill also authorizes ambulance districts, fire protection districts, and municipalities and counties to impose a sales tax of up to 1.0%, or up to 0.5% for ambulance districts, to provide ambulance and fire protection services. An ambulance district, fire protection district, or political subdivision imposing a sales tax authorized by this section must reduce any property tax levy imposed by the district or political subdivision for the purposes of providing ambulance and fire protection services such that the revenue generated by the property tax levy is offset in an amount equal to 50% of the amount of revenue generated by the sales tax imposed pursuant to this bill.

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
Office of the Secretary of State
Platte County Board of Elections
St. Louis County Board of Elections
State Tax Commission



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