

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2624H.02C
Bill No.: HCS for 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 30, 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 to (Unknown)	\$0 or Unknown to (Unknown)
Total Estimated Net Effect on General Revenue	\$0	\$0 or Unknown to (Unknown)	\$0 or Unknown to (Unknown)

***Oversight** assumes the unknown revenues and cost from this proposal will not meet 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

§§321.552, 321.554, 321.556 – Taxes for Emergency Services

Officials from **Office of Administration - Budget and Planning (B&P)** assume these sections remove demographic language from the bill that excludes specific counties in the state from imposing ambulance and fire protection district sales taxes to support emergency services. 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. B&P defers to DOR for more specific estimates of actual collection costs.

Officials from the **Department of Revenue (DOR)** assume this proposal would allow any governing body of an ambulance or fire protection district to impose a sales tax in an amount up to one-half of one percent on all retail sales made in such district. In order to have the sales tax, the district would be required to hold an election and notify the Department of the increase. The first available election would be April 2026, so the tax would not be collected until October 2026 (FY 2027) and remitted starting November 2026.

DOR notes that DOR is able to retain 1% of all sales tax collected as reimbursement of DOR's collection costs. The amount retained is deposited into general revenue.

DOR notes that some districts already have a sales tax that varies from 0.375% to 0.5%. DOR is unable to predict how many ambulance and fire districts that don't have this sales tax will adopt one. This will not have a fiscal impact on the DOR to administer unless a political subdivision adopts the sales tax rate. At that time, it would cost \$7,327 to update DOR's computer system per political subdivision rate change.

This proposal also requires that if a district passes a sales tax, they must adjust their levy to account for this additional funding. Additionally, this proposal establishes procedures that allow citizens to repeal this sales tax in the future. These provisions will not impact DOR.

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by DOR for the potential increase in revenue from the 1% administration fee and the cost for computer updates to DOR's system for each political subdivision. Oversight notes in order for the updates to DOR's computer system to reach the \$250,000 threshold, 34 (\$250,000/\$7,327) political subdivisions would need to adopt a new sales tax rate. Those cost would also be offset by the 1% administration fee. Oversight does not have enough information at this time to determine the amount of revenue that would be generated from these political subdivisions if a new sales tax on emergency services is adopted. Therefore, until more information is available, Oversight will assume the unknown impact to GR will not meet the \$250,000 threshold.

Oversight notes the provisions of this proposal would only impact the local political subdivisions' (LPS) emergency services within Clay County and St. Louis County since the original exception language was repealed in this version of the bill. Oversight is unclear how many additional governing bodies of these counties would impose a sales tax. Therefore, Oversight will reflect a \$0 (no sales tax adopted) or unknown revenue to these LPS for this proposal.

Officials from the **Kansas City Election Board** state that depending on when the election is held, costs could range up to \$800,000. The state would pay their pro-rata share based on registered voters.

Oversight assumes the timing for an election to adopt a sales tax for emergency services would take place during a regular election cycle (April or November) to streamline any election costs that would be impacted. Therefore, Oversight will assume no direct fiscal impact from this proposal.

Officials from the **Office of the Secretary of State** 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 county commissioners, assessors and fire protection districts in St. Louis County and Clay County 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	FY 2027 (8 months)	FY 2028
GENERAL REVENUE			
<u>Revenue</u> – DOR – potential collection of 1% administration fee on the adoption of a sales tax for emergency services §§321.552, 321.554, 321.556	\$0	\$0 or Unknown	\$0 or Unknown
<u>Cost</u> – DOR – updates to computer system per local political subdivision's rate change	\$0	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0</u>	<u>\$0 or Unknown to (Unknown)</u>	<u>\$0 or Unknown to (Unknown)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2026	FY 2027 (8 months)	FY 2028
LOCAL POLICAL SUBDIVISIONS			
<u>Revenue</u> – potential revenue on new sales taxes adopted for emergency services §§321.552, 321.554, 321.556	<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

Small businesses within a taxing district for emergency services could be impacted by this proposal.

FISCAL DESCRIPTION

This proposal creates provisions relating to taxes for emergency services.

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
Kansas City Election Board
Office of the Secretary of State
State Tax Commission



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Jessica Harris
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March 30, 2025