

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4955-02
Bill No.: Perfected HCS for HB 1598
Subject: Taxation and Revenue - Sales and Use
Type: Original
Date: March 15, 2016

Bill Summary: This proposal increases the allowed cost of a new appliance exempted from state sales tax during the Show-Me Green sales tax holiday.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)
Total Estimated Net Effect on General Revenue	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
School District Trust	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)
Conservation Commission	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)
Parks, and Soil and Water	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)
Total Estimated Net Effect on <u>Other</u> State Funds	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration - Division of Budget and Planning (B&P)** assumed the proposal would increase the qualifying price of appliances from \$1,500 to \$2,000 for the Show-Me Green sales tax holiday. Based upon Personal Consumption data as provided by the United States Department of Commerce, Bureau of Economic Analysis, sales of qualifying appliances would be approximately 0.04% of annual retail sales. Gross General Revenue Fund sales tax collections in FY 2015 were \$2,014.4 million.

B&P officials estimated Total State Revenues could be reduced in the following ways, beginning in FY 2017:

General Revenue	\$269,000
Education	\$90,000
Conservation	\$11,000
DNR	<u>\$9,000</u>
Total	<u>\$379,000</u>

Officials from the **Department of Natural Resources** assumed B&P would provide a detailed account of the fiscal impact to the Parks and Soils Sales Tax Fund.

Officials from the **Department of Conservation** assumed an unknown negative fiscal impact of greater than \$100,000 and further assumed that the Department of Revenue would be better able to estimate the anticipate fiscal impact.

Officials from the Joint Committee on Administrative Rules assumed this proposal would have no fiscal impact on their organization.

In response to an earlier proposal, officials from the **Office of the Secretary of State**, the **Department of Revenue**, the **Department of Economic Development - Division of Energy**, the **St. Louis County Board of Elections**, the **Jackson County Elections Board**, the **Office of the Mississippi County Recorder of Deeds**, the **St. Louis County**, the **Callaway County**, the **City of Columbia**, and the **City of Kansas City** assume this proposal would have no fiscal impact on their organizations.

ASSUMPTION (continued)

Oversight assumptions

Oversight notes the B&P calculation implies that all eligible sales would increase from the current maximum of \$1,500 to the new maximum of \$2,000 for every purchase, and further implies that all eligible sales will occur during the seven-day period beginning at 12:01am on April nineteenth and ending at midnight on April twenty-fifth. Oversight deems that neither will occur. If a range of 5-10% of eligible sales occurred during the seven-day period, the calculated reduction in General Revenue would be approximately \$13,500 to \$27,000. Accordingly, Oversight will assume this proposal would have an unknown fiscal impact of less than \$100,000 for the General Revenue Fund and less than \$100,000 for other state funds that receive state sales tax revenues. In the prior year, Oversight accepted the B&P calculation and showed a General Fund reduction in excess of \$100,000.

	FY 2017	FY 2018	FY 2019
School District Trust	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)
Conservation Commission	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)
Parks, and Soil and Water	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)
Total Estimated Net Effect on <u>Other</u> State Funds	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)

Oversight is aware that sales taxes deposited into the School District Trust Fund are distributed along with other revenues in the fund to local school districts but will not include any effect on those transfers in this fiscal note.

Oversight notes this sales tax holiday may be adopted by local governments if the governing body of the local government chooses to enact an ordinance to that effect. Accordingly, any local impact would result from local government action and Oversight will not include any local government fiscal impact in this fiscal note.

ASSUMPTION (continued)

Oversight notes the change from the prior version of this proposal consists solely of eliminating trash compactors from eligible appliances. Oversight assumes this change would result in an immaterial reduction to the fiscal impact previously calculated and will therefore not adjust the previously calculated fiscal note.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
GENERAL REVENUE FUND			
<u>Revenue reduction - Sales tax exemption</u>	(Less than <u>\$100,000</u>)	(Less than <u>\$100,000</u>)	(Less than <u>\$100,000</u>)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	(Less than <u>\$100,000</u>)	(Less than <u>\$100,000</u>)	(Less than <u>\$100,000</u>)
SCHOOL DISTRICT TRUST FUND			
<u>Revenue reduction - Sales tax exemption</u>	(Less than <u>\$100,000</u>)	(Less than <u>\$100,000</u>)	(Less than <u>\$100,000</u>)
ESTIMATED NET EFFECT ON SCHOOL DISTRICT TRUST FUND	(Less than <u>\$100,000</u>)	(Less than <u>\$100,000</u>)	(Less than <u>\$100,000</u>)
CONSERVATION COMMISSION FUND			
<u>Revenue reduction - Sales tax exemption</u>	(Less than <u>\$100,000</u>)	(Less than <u>\$100,000</u>)	(Less than <u>\$100,000</u>)
ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND	(Less than <u>\$100,000</u>)	(Less than <u>\$100,000</u>)	(Less than <u>\$100,000</u>)

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2017 (10 Mo.)	FY 2018	FY 2019
PARKS, AND SOILS AND WATER FUNDS			
<u>Revenue reduction</u> - Sales tax exemption	(Less than <u>\$100,000</u>)	(Less than <u>\$100,000</u>)	(Less than <u>\$100,000</u>)
ESTIMATED NET EFFECT ON PARKS, AND SOILS AND WATER FUNDS	(Less than <u>\$100,000</u>)	(Less than <u>\$100,000</u>)	(Less than <u>\$100,000</u>)
<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

The proposed legislation would increase the maximum cost from \$1,500 to \$2,000 for a new energy star certified appliance which could be exempted from sales tax during the Show-Me Green sales tax holiday.

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 - Division of Budget and Planning
Department of Natural Resources
Department of Conservation
Secretary of State
Department of Revenue
Joint Committee on Administrative Rules
Department of Economic Development
 Division of Energy
St. Louis County Board of Elections
Jackson County Elections Board
Mississippi County Recorder of Deeds
City of Columbia
St. Louis County
Callaway County
City of Columbia
City of Kansas City



Mickey Wilson, CPA
Director
March 15, 2016

Ross Strobe
Assistant Director
March 15, 2016