

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3294-01  
Bill No.: HB 1220  
Subject: Taxation and Revenue - General, Sales and Use  
Type: Original  
Date: January 7, 2002

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	(Unknown)	(Unknown)	(Unknown)
Highway Funds	(Unknown)	(Unknown)	(Unknown)
School District Trust	(Unknown)	(Unknown)	(Unknown)
Conservation Sales Tax Fund	(Unknown)	(Unknown)	(Unknown)
Parks and Soil Sales Tax Fund	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on <u>All</u> State Funds*</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

\*Not expected to exceed \$100,000 annually.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
<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 LOCAL FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
<b>Local Government</b>	<b>(Unknown)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 4 pages.

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials of the **Department of Revenue (DOR)** state this proposal creates a new sales tax exemption for property purchased and then donated within one year to the State of Missouri. The DOR projects no major administrative impact from this proposal and a minimal, but unknown, decrease in state revenue.

In a response to similar prior legislation from 2000, DOR assumed the volume of these gifts and the resulting refund requests would be minimal and no additional FTE would be required; however, if the number of exemptions/refunds is greater than currently anticipated, additional resources could be required. The exemption includes all items purchased that are converted into another item that is donated to the state. There is no way of determining the value of items that will be donated to the State of Missouri nor the revenue loss associated therewith.

Officials of the **Office of Administration, Budget and Planning (BAP)** stated in a response to similar legislation from 2000, they had not been able to find any empirical basis to estimate the fiscal impact of this proposal.

**Oversight** assumes for purposes of this fiscal note that there would be an unknown revenue loss to all state and local funds, but the amount of the loss is expected to be less than \$100,000 annually to any one fund.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
<u>Loss -</u>			
General Revenue Fund	(Unknown)	(Unknown)	(Unknown)
Highway Funds	(Unknown)	(Unknown)	(Unknown)
School District Trust Fund	(Unknown)	(Unknown)	(Unknown)
Conservation Sales Tax Fund	(Unknown)	(Unknown)	(Unknown)
Parks and Soil Sales Tax Fund	(Unknown)	(Unknown)	(Unknown)
<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>	<b><u>(UNKNOWN)</u></b>	<b><u>(UNKNOWN)</u></b>	<b><u>(UNKNOWN)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
<u>Loss - Political Subdivisions</u>	(Unknown)	(Unknown)	(Unknown)

### FISCAL IMPACT - Small Business

An administrative fiscal impact to certain small businesses might occur with this proposal, because, according to the Department of Revenue, the donator must apply through the original seller of the property for the sales tax refund. The State must in-turn send the refund to the original seller who would in-turn need to pay the refund to the donator.

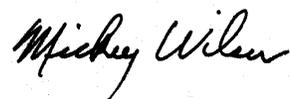
### DESCRIPTION

This proposal exempts from state and local sales and use taxes all purchases of tangible personal property and all items converted into tangible personal property which are donated to the state of Missouri.

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



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Acting Director  
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