

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0218-01
Bill No.: SB 124
Subject: Motor Vehicle; Taxation and Revenue - Sales and Use
Type: Original
Date: February 3, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Highway Funds*	Unknown	Unknown	Unknown
Total Estimated Net Effect on Other State Funds	UNKNOWN	UNKNOWN	UNKNOWN

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

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government*	UNKNOWN	UNKNOWN	UNKNOWN

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

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue (DOR)** assume the proposal would not have a fiscal impact on their agency. This legislation, as worded, specifies that articles used in trade-ins to offset sales tax must have had tax paid or been exempted from tax. DOR assumes this proposal could reduce the number of vehicles purchased through the “corn-for-cars” transactions.

Officials from the **Department of Transportation (MoDOT)** assume this legislation specifies that articles used as trade-in to offset sales tax must have had sales tax paid or been exempted from tax. MoDOT is unable to provide an estimate for this proposal. There would be a positive fiscal impact to revenue from the increased sales and use tax. MoDOT must rely upon the DOR’s response.

Officials from the **Office of Administration, Budgeting and Planning (BAP)** state this proposed legislation would not result in additional costs or savings to the BAP. BAP defers to DOR for the revenue estimates.

Oversight assumes that the proposal would result in an unknown increase in total state revenue, expected to be less than 100,000 annually.

This proposal would increase Total State Revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
HIGHWAY FUNDS			
<u>Savings - Highway Funds</u>			
Sales tax increase from change in trade-in rules	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
TOTAL ESTIMATED NET EFFECT HIGHWAY FUNDS*	<u>UNKNOWN</u>	<u>UNKNOWN</u>	<u>UNKNOWN</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
<u>Savings - Cities and Counties</u>			
Sales tax increase from change in trade-in rules	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
TOTAL ESTIMATED NET EFFECT ON ALL LOCAL FUNDS*	<u>UNKNOWN</u>	<u>UNKNOWN</u>	<u>UNKNOWN</u>
*Not expected to exceed \$100,000 annually.			

FISCAL IMPACT - Small Business

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

DESCRIPTION

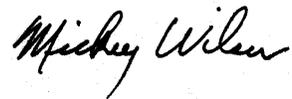
Under current law, if property is traded in on a purchase, purchasers pay sales or use tax only on the excess, if any, of the purchase price of the new item less any trade-in allowance and any applicable rebates. This proposal authorizes the reduction in the purchase price of an article if the trade-in has been subject to the imposition of sales or use tax or has been exempted or excluded from such tax. The proposal specifies that a purchaser of a motor vehicle, trailer, boat or outboard motor is only allowed a credit for the trade-in of a similar item.

DESCRIPTION (continued)

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
Department of Transportation
Office of Administration
Budget and Planning



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Director
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