

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3728-01  
Bill No.: SB 659  
Subject: Agriculture and Animals; Taxation and Revenue - Sales and Use  
Type: Original  
Date: March 3, 2010

Bill Summary: Would create a sales and use tax exemption for nondomestic game birds sold for hunting.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	(More than \$100,000)	(More than \$100,000)	(More than \$100,000)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(More than \$100,000)</b>	<b>(More than \$100,000)</b>	<b>(More than \$100,000)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
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)
School District Trust	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(Less than \$100,000)</b>	<b>(Less than \$100,000)</b>	<b>(Less than \$100,000)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
<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 FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
<b>Local Government</b>	<b>(More than \$100,000)</b>	<b>(More than \$100,000)</b>	<b>(More than \$100,000)</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of the Secretary of State**, the **Department of Transportation**, the **City of Centralia**, the **City of Kansas City**, the **City of West Plains**, and the **Special School District of St. Louis County** assume this proposal would have no fiscal impact on their organizations.

Officials from the **Department of Conservation** (MDC) assume this proposal would create a sales and use tax exemption for nondomestic game birds sold for hunting. The proposed legislation would have a fiscal impact on MDC funds due to the exemption of sales tax on the sale of nondomestic game birds sold for sport hunting. MDC is unable to provide an estimated impact and will rely on DOR for the fiscal impact of this legislation. However, as currently written, the impact is expected to be less than \$100,000 annually.

MDC officials also stated that as of 2008, there were 253 wildlife hobby permit holders, 523 wildlife breeder permit holders, and 254 game bird preserve permit holders. The game bird permit holders would most likely account for most of the sales transactions involving non-domestic game birds sold for hunting.

Officials from the **Department of Elementary and Secondary Education** (DESE) assume this proposal would have no fiscal impact on their organization and defer to the Department of Revenue for an estimate of the impact on state revenues.

Officials from the **Department of Revenue** assume this proposal would have no fiscal impact on their organization; however, DOR managers anticipate the proposal would cause an unknown negative impact on state revenues.

Officials from **Cass County** assume this proposal would have an unknown negative impact on their revenues.

Officials from **St. Louis County** assume the loss to their organization would not be great.

Officials from the **Independence School District** stated they could not provide an estimate of the cost of the proposal.

ASSUMPTION (continued)

Officials from the **Office of Administration, Division of Budget and Planning**, and the **Department of Natural Resources** did not respond to our request for information.

**Oversight** was not able to locate aggregate information on non-domestic game birds sold for hunting; however, based on a limited review of industry practices, Oversight assumes that an individual may be sold at \$10 - \$15 but would more likely be sold as part of a package including admission to a game preserve, a guide, and dogs. However, if each permit holder sold 1,000 birds at \$15, sales would be (254 permit holders x 1,000 birds per game preserve x \$15 per bird) = \$3.8 million in sales. Sales tax on that amount could be computed as follows.

Entity	Sales Tax Rate	Sales Tax
General Revenue Fund	3%	\$114,000
School District Trust Fund	1%	\$38,000
Conservation Commission Fund	1/8%	\$4,750
Parks, and Soil and Water Funds	1/10%	\$3,800
Local governments	Average 2.5%	\$160,550

Accordingly, Oversight will indicate an impact in excess of \$100,000 to the General Revenue Fund and to local governments, and an impact less than \$100,000 to other state funds which receive sales tax revenues.

Oversight notes that industry billing practices could change to provide separate charges for birds as a result of the implementation of this proposal, and revenue reductions could be significantly greater.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
<b>GENERAL REVENUE FUND</b>			
<u>Revenue reduction - sales tax exemptions</u>	<u>(More than \$100,000)</u>	<u>(More than \$100,000)</u>	<u>(More than \$100,000)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(More than \$100,000)</u></b>	<b><u>(More than \$100,000)</u></b>	<b><u>(More than \$100,000)</u></b>
<b>CONSERVATION COMMISSION FUND</b>			
<u>Revenue reduction - sales tax exemptions</u>	<u>(Less than \$100,000)</u>	<u>(Less than \$100,000)</u>	<u>(Less than \$100,000)</u>
<b>ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND</b>	<b><u>(Less than \$100,000)</u></b>	<b><u>(Less than \$100,000)</u></b>	<b><u>(Less than \$100,000)</u></b>
<b>PARKS, AND SOIL AND WATER FUND</b>			
<u>Revenue reduction - sales tax exemptions</u>	<u>(Less than \$100,000)</u>	<u>(Less than \$100,000)</u>	<u>(Less than \$100,000)</u>
<b>ESTIMATED NET EFFECT ON PARKS, AND SOIL AND WATER FUND</b>	<b><u>(Less than \$100,000)</u></b>	<b><u>(Less than \$100,000)</u></b>	<b><u>(Less than \$100,000)</u></b>
<b>SCHOOL DISTRICT TRUST FUND</b>			
<u>Revenue reduction - sales tax exemptions</u>	<u>(Less than \$100,000)</u>	<u>(Less than \$100,000)</u>	<u>(Less than \$100,000)</u>
<b>ESTIMATED NET EFFECT ON SCHOOL DISTRICT TRUST FUND</b>	<b><u>(Less than \$100,000)</u></b>	<b><u>(Less than \$100,000)</u></b>	<b><u>(Less than \$100,000)</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
<b>LOCAL GOVERNMENTS</b>			
<u>Revenue reduction - sales tax exemptions</u>	<u>(More than \$100,000)</u>	<u>(More than \$100,000)</u>	<u>(More than \$100,000)</u>
<b>ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS</b>	<b><u>(More than \$100,000)</u></b>	<b><u>(More than \$100,000)</u></b>	<b><u>(More than \$100,000)</u></b>

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 create a sales and use tax exemption for non-domestic game birds sold for hunting.

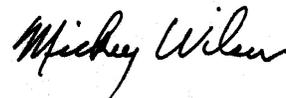
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State  
Department of Conservation  
Department of Elementary and Secondary Education  
Department of Revenue  
Department of Transportation  
Cass County  
St. Louis County  
City of Centralia  
City of Kansas City  
City of West Plains  
Independence School District  
Special School District of St. Louis County

NOT RESPONDING

**Office of Administration**  
**Division of Budget and Planning**  
**Department of Natural Resources**



Mickey Wilson, CPA  
Director  
March 3, 2010