COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5406-06
Bill No.: HCS #2 for SCS for SB 777
Subject: Aircraft and Airports; Tax Credits; Taxation and Revenue - Sales and Use; Business and Commerce; Economic Development
Type: Original
Date: May 12, 2014

Bill Summary: This proposal would modify provisions related to business incentives.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	(Could exceed $25,527,775)	(Could exceed $25,462,386)	(Could exceed $26,463,550)
Total Estimated Net Effect on General Revenue Fund	**(Could exceed $25,527,775)**	**(Could exceed $25,462,386)**	**(Could exceed $26,463,550)**

Numbers within parentheses: ( ) indicate costs or losses.
This fiscal note contains 38 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Blind Pension	(Unknown)	(Unknown)	(Unknown)
Conservation Commission	(Less than $100,000 to Unknown)	(Less than $100,000 to Unknown)	(Less than $100,000 to Unknown)
Parks, and Soil and Water	(Less than $100,000 to Unknown)	(Less than $100,000 to Unknown)	(Less than $100,000 to Unknown)
School District Trust	(More than $100,000 to Unknown)	(More than $100,000 to Unknown)	(More than $100,000 to Unknown)
Missouri International Business Advertising *	$0	$0	$0
Accelerated Technology Education *	$0	$0	$0
Total Estimated Net Effect on Other State Funds	**(More than $100,000 to Unknown)**	**(More than $100,000 to Unknown)**	**(More than $100,000 to Unknown)**

* Net of offsetting revenues and expenditures

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on All Federal Funds	**$0**	**$0**	**$0**

SAS:LR:OD

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	3 FTE	3 FTE	3 FTE
Total Estimated Net Effect on FTE	**3 FTE**	**3 FTE**	**3 FTE**

☐ 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).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Local Government	**(More than $100,000 to Unknown)**	**(More than $100,000 to Unknown)**	**(More than $100,000 to Unknown)**

FISCAL ANALYSIS

ASSUMPTION

Section 67.2050, RSMo. - Technology Business Facilities:

This proposal would allow the governing body of any municipality to enter into loan agreements, or sell, lease, or mortgage municipal property to private entities for the development of a technology business facility project. Transactions involving the lease or rental of such properties would be exempt from state and local sales taxes and any leasehold interests on such properties would not be subject to property taxes. The proposal would allow municipalities to sell or otherwise dispose of municipal property to private entities for technology business facility projects provided that the terms and methods utilized reasonably protect the economic well being of the municipality. Any private entity which transfers property to the municipality for purposes of a technology business facility project could reserve the right to request that the municipality transfer such property back to the entity at no cost.

Officials from the **Department of Revenue (DOR)** assumed similar provisions in HB 1444 LR 5431-01 would outline the duties and responsibilities of the governing body of a municipality. In response to similar provisions in HB 222 LR 0420-01 (2013) DOR officials noted the provisions would specifically exempt transactions involving the lease or rental of any components of a project from local sales tax law.

Administrative impact

The DOR response did not indicate any fiscal impact to their organization.

IT impact

DOR officials assume Sales Tax would have a cost to implement this proposal of $2,293 based on 84 hours of programing to make changes to DOR systems.

Oversight assumes OA - ITSD (DOR) is provided with core funding to handle a certain amount of activity each year. Oversight assumes OA - ITSD (DOR) could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, OA - ITSD (DOR) could request funding through the appropriation process.

ASSUMPTION (continued)

Oversight did not receive any other responses specifically related to these provisions. Oversight notes this proposal would allow any municipality in the state - county, city, incorporated town, or village - to develop a technology business facility project, and assumes that any reduction in state revenue from local government sales tax collection charges would be minimal.

Oversight further assumes any impact related to this proposal would be the result of some future action by a municipality and will not include any impact in this fiscal note.

Section 135.1670, RSMo. - Economic Incentives at the Kansas Border:

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** assumed similar provisions in HB 1515 LR 5115-01 would have no fiscal impact to their organization. These provisions would prohibit the Department of Economic Development from issuing tax credits for the BUILD Program, New and Expanding Business Facility Program and the MO Works Program to businesses relocating from a Kansas border county to a Missouri border county, if the state of Kansas enacts similar prohibitions. If Kansas does not enact similar prohibitions, DED would continue to issue tax credits to qualifying businesses in bordering counties. To the extent the state does or does not issue tax credits for these programs, General and Total State Revenues could be impacted.

Officials from the **Department of Economic Development** assume there would be no fiscal impact to their organization from similar provisions in HB 1515 LR 5115-01.

Officials from the **Department of Revenue** assume similar provisions in HB 1515 LR 5115-01 would have no fiscal impact to their organization.

Officials from the **City of Kansas City** stated they were unable to determine a fiscal impact from similar provisions in HB 1515 LR 5115-01. City officials stated it is hard to determine if growth is presumed to exist through the retention of existing jobs that might otherwise relocate to Kansas. The amount is dependent on the number of projects and therefore is unknown.

Officials from **Cass County**, **Clay County**, **Jackson County**, and **Platte County** did not respond to Oversight's request for information on similar provisions in HB 1515 LR 5115-01

ASSUMPTION (continued)

Oversight assumes these provisions would require similar action by the Kansas Legislature before it could go into effect. If the Kansas Legislature chooses not to act these provisions would have no fiscal impact. If the Kansas Legislature chooses to adopt similar provisions then a business would need to relocate in order for there to be a potential fiscal impact. Relocation of a business would be an indirect impact of the provisions and therefore; Oversight assumes these provisions would not have a fiscal impact.

Section 137.100, RSMo - Tax Exemption for Property Used for Charitable Purposes

Changes to this provision would provide a specific charitable property exemption from property taxation for homes for the aged operated by an organization that is exempt from income tax under the Internal Revenue Code.

Officials from the **Office of Administration - Division of Budget and Planning** assumed similar language in HCS for SB 693 LR 5185-02 would exempt homes for the aged that are operated by tax exempt organizations from property taxes. The provision would not directly impact general revenues; however, to the extent that property tax payment growth is slowed by this proposal, Blind Pension Fund revenue growth may be slowed.

Officials from the **Office of the State Auditor**, the **Department of Revenue**, and the **State Tax Commission** assumed similar language in HB 2035 LR 6225-01 would have no fiscal impact to their organizations.

Officials from the **City of Kansas City** stated in response to similar language in HCS for SB 693 LR 5185-02 they were unable to estimate the potential revenue loss from this proposed property tax exemption.

Officials from the **Special School District of St. Louis County** assumed the property tax exemption proposed in similar language in HCS for SB 693 LR 5185-02 would result in substantial revenue reductions to their organization.

ASSUMPTION (continued)

Officials from the **State Tax Commission (TAX)** provided the following information in response to similar language in HCS for SB 693 LR 5185-02.

The current property tax exemption is based on the operation of the individual property - a facility operated as a charity would qualify for a property tax exemption but a facility which is operated as a for-profit organization would not qualify. TAX officials stated they provide an exemption analysis form for local assessors to use in determining whether a nursing home would qualify for the current property tax exemption.

TAX officials noted the proposed language would provide a property tax exemption if the ownership entity meets an IRS income tax exemption standard.

Oversight assumes this provision would likely result in a property tax exemption for significantly more facilities than is currently the case, and will indicate an unknown revenue reduction for local governments and the Blind Pension Fund. Oversight notes this provision could affect taxes already paid under protest or otherwise in dispute and will indicate a fiscal impact for FY 2015, FY 2016, and FY 2017.

Section 143.451, RSMo. - Corporate Income Tax on Interstate Transactions:

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** assumed similar language in HCS for SB 693 LR 5185-02 would change the methodology for determining the portion of a corporation's income which is taxable in Missouri and assumes the change could have an unknown impact on Total State Revenue. BAP officials deferred to the Department of Revenue for an estimate of the impact.

Officials from the **Department of Revenue (DOR)** stated similar language in HCS for SB 693 LR 5185-02 would provide, for purposes of income allocation, that transactions involving sales other than the sale of tangible personal property would be considered in this state if the taxpayer's market is in this state.

DOR officials prepared an estimate of the impact for these provisions which suggests the total loss of state revenue from this provision could be as much as $10 to $15 million annually.

ASSUMPTION (continued)

DOR officials stated their calculation used 2011 information because that is the most recent year for which the Department has complete corporate information. DOR officials stated their understanding of the language in these provisions was to eliminate the current "partially within/partially without" category from the one-factor and three-factor allocation procedures and make sales either "in" or "out" of Missouri for corporate income tax reporting purposes. DOR officials also stated they assumed the new provisions would primarily apply to services.

DOR officials also stated they calculated their estimate of impact by eliminating the reported "partially" sales for corporations with a cost of sales percentage under 50% for companies based in Missouri, assuming those sales were services and would be reported as "outside" Missouri under the proposed language.

Oversight notes this provision includes definitions to use in allocating the taxable income from multi-state transactions to determine the taxable amount for Missouri. Oversight does not have information regarding the number or amount of transactions which might be subject to those definitions. For fiscal note purposes, Oversight will indicate a reduction in income tax revenues up to the Department of Revenue estimate of $15 million.

Changes to Section 144.030.2.(41) RSMo. - Sales Tax Exemptions for Aircraft Parts:

Changes to Section 144.030.2.(41) would remove the current January 1, 2015 expiration of the sales tax exemption for aircraft materials and parts. In response to similar language in HB 2029 LR 6264-1, officials from the **Office of Administration - Division of Budget and Planning** noted the proposal would extend the existing sales tax exemption for replacement parts and associated equipment for aircraft.

BAP noted the following amounts of taxable sales as reported in the Department of Revenue 2012 Annual Report:

Industry Category	Sales, in Millions
Aircraft dealers	$101.0
Aircraft and parts	$ 24.1

BAP officials stated they are unable to determine how much of these sales may have been for qualifying aircraft or parts, or if there are aircraft-related sales that may be coded to other categories.

ASSUMPTION (continued)

In response to similar language in HB 2029 LR 6264-1, officials from the **Department of Revenue** assumed the proposal would have no fiscal impact on their organization but would reduce state revenues.

Oversight notes the total reported sales by the Department of Revenue are ($101.0 million + $24.1 million) = $125.1 million. Sales tax on those amounts would be as shown below.

Fund or entity	Sales Tax Rate	Revenue Reduction
General Revenue	3.000%	$3,753,000
School District Trust	1.000%	$1,251,000
Conservation Commission	0.125%	$156,375
Parks, and Soil and Water	0.100%	$125,100
Local Governments *	3.700%	$4,628,700

* The 3.7% average rate for local governments was computed by Oversight based on collections reported by the Department of Revenue.

Oversight notes this proposal would extend the current sales tax exemption for materials, replacement parts, and equipment for aircraft which would expire January 1, 2015 (FY 2015) under existing provisions. Oversight assumes at least part of the reported sales by aircraft dealers could be for materials, replacement parts, and equipment. This provision would make the exemption permanent and would have a fiscal impact in FY 2015, FY 2016, and FY 2017.

For fiscal note purposes, Oversight will assume the General Revenue Fund, School District Trust Fund, and local governments would have a revenue reduction greater than $100,000 per year, and the Conservation Commission Fund and the Parks, and Soil and Water Fund would have a revenue reduction less than $100,000 per year.

ASSUMPTION (continued)

Section 144.030.2.(43) RSMo. - Sales Tax Exemptions for Aircraft Sold to Nonresidents:

In response to similar language in SB 958 LR 6283-01 officials from the **Office of Administration - Division of Budget and Planning** noted the proposal would create a sales tax exemption for sales of aircraft to non-state residents and noted the following amounts of taxable sales as reported in the Department of Revenue 2012 Annual Report:

Industry Category	Sales, in Millions
Aircraft dealers	$101.0
Aircraft and parts	$ 24.1

BAP officials stated they are unable to determine how much of these sales may have been for qualifying aircraft, or if there are aircraft-related sales that may be coded to other categories.

In response to similar language in SB 958 LR 6283-01 officials from the **Department of Revenue** assumed the proposal would have no fiscal impact on their organization but would reduce state revenues.

Oversight notes the total reported sales by the Department of Revenue are ($101.0 million + $24.1 million) = $125.1 million. Sales tax on those amounts would be as shown below.

Fund or entity	Sales Tax Rate	Revenue Reduction
General Revenue	3.000%	$3,753,000
School District Trust	1.000%	$1,251,000
Conservation Commission	0.125%	$156,375
Parks, and Soil and Water	0.100%	$125,100
Local Governments *	3.700%	$4,628,700

* The 3.7% average rate for local governments was computed by Oversight based on collections reported by the Department of Revenue.

ASSUMPTION (continued)

Oversight notes this proposal would create a new sales and use tax exemption for the sale of aircraft to non residents, and assumes the exemption would be effective in August, 2014 (FY 2015), and would continue to have an impact in FY 2016 and FY 2017. Oversight has no information as to the number or amounts of aircraft sales to nonresidents which might be included in the reported sales of aircraft dealers reported above, or which might be included in other industry categories.

For fiscal note purposes, Oversight will assume that this proposal would result in a revenue reduction greater than $100,000 per year for the General Revenue Fund, School District Trust Fund, and local governments; and the Conservation Commission Fund and the Parks, and Soil and Water Fund would have a revenue reduction less than $100,000 per year.

Section 144.044, RSMo. - Sales Tax Exemption for Used Manufactured Homes

Changes to these provisions would authorize an exemption from state and local sales taxes on a manufactured home which is not "new" as defined in state law.

Officials from the **Office of Administration, Division of Budget and Planning** assume these provisions would exempt from tax the sale of "used" manufactured homes. BAP officials noted according to information provided by the Missouri Manufactured Housing Association (MMHA), there were 696 "new" manufactured homes shipped to Missouri in 2012. Based on other information provided by the MMHA, BAP officials estimated the retail value of those homes as $43.5 million.

BAP officials also stated they do not have additional data on the sales or resales of "used" manufactured homes. If sales of used homes are similar to the estimate above, then this provision might annually reduce General Revenue fund receipts by $1.3 million, education revenues by $0.4 million, and other state and local sales taxes accordingly.

Officials from the **Department of Revenue** assume these provisions would have no fiscal impact to their organization but would reduce Total State Revenues.

DOR officials stated in response to similar provisions in HB 1765 LR 5866-01 they collect sales tax on used manufactured homes which are moved in to Missouri from outside the state but were not able to provide information on amounts collected.

ASSUMPTION (continued)

Oversight notes current DOR regulations require the payment of sales tax 100% of the sales price of a used manufactured home, but only if Missouri sales tax was not paid on that home when it was new. If Missouri sales tax was paid on that manufactured home when it was new, no sales tax is due on the sale of the used home. Oversight does not have any information as to the number or amount of transactions involved in used manufactured home sales and assumes these provisions would result in an unknown revenue reduction for the General Revenue Fund, other state funds that receive sales taxes, and for local governments for FY 2015, FY 2016, and FY 2017.

Section 144.083 RSMo. - Statements of No Tax Due

Changes to these provisions would add withholding and income tax to the taxes which must be included in a statement of no tax due.

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** assume these provisions would not result in any additional costs or savings to their organization.

BAP officials noted these provisions would require retailers to receive an income tax clearance before a retail license could be issued, effective January 1, 2018.

Officials from the **City of Kansas City** stated in response to similar provisions in HB 1678 LR 5502-01 their organization would expect to incur additional administrative costs in suspending business licenses of retail establishments unable to produce a no tax due statement from the Missouri Department of Revenue. City officials also stated the amount cannot be estimated as the City cannot predict the number of businesses that would fail to pay their Missouri income taxes.

In addition, city officials noted that a statement from the Missouri Department of Revenue that a retail sales business owes no sales taxes is a current requirement for obtaining or keeping a city business license, and these provisionswould expand the no tax due statement to include Missouri income taxes. Consequently, Kansas City would expect to lose some business license tax revenue and sales tax revenue from retail sales establishments unable to operate because the businesses owe state income tax and cannot produce a no tax due statement from the Department of Revenue. The amount of revenue loss cannot be estimated at this time.

ASSUMPTION (continued)

Officials from the **Department of Revenue** assume Collections and Tax Assistance would have additional customer contacts as a result of this legislation, and would require one additional Revenue Processing Technician I for additional contacts to the field offices; this technician would require CARES equipment and license.

In response to similar provisions in HB 1678 LR 5502-01; however, DOR officials assumed the provisions would have no fiscal impact to their organization.

Oversight assumes DOR could implement these provisions with existing resources.

Officials from **Cole County**, **St. Louis County**, and the **St. Louis County Directors of Elections** assumed similar provisions in HB 1678 LR 5502-01 would have no fiscal impact on their organizations.

Oversight assumes the additional requirements that would be effective in August 2014 if these provisions are implemented are clarifications of existing DOR practices, and the income tax clearance requirement effective January 1, 2018 (FY 2018) is beyond the scope of this fiscal note. Accordingly, these provisions would have no fiscal impact.

Section 144.087, RSMo. - Sales Tax License Bonding Requirements:

Officials from the **Office of Administration - Division of Budget and Planning** noted these provisions would remove the bonding requirement for new retail licensees, and deferred to the Department of Revenue for estimated revenue impacts.

Officials from the **Department of Revenue (DOR)** noted these provisions would eliminate the requirement that a new business applying for a retail sales license file a bond with the Department of Revenue, beginning January 1, 2015. DOR officials stated in FY 2013, Business Tax Registration forfeited 3,695 bonds totaling $3,153,894 on delinquent accounts.

Oversight notes current provisions require the Department of Revenue to return bonds posted by existing retail sales licensees after a reasonable period of satisfactory tax compliance, not to exceed two years. These provisions would, as of January 1, 2015, remove the existing requirement for a new retail licensee to post a compliance bond.

ASSUMPTION (continued)

Oversight assumes the forfeited bonds reported by the Department of Revenue were applied to delinquent sales taxes; the Department of Revenue would still be able to require a bond before reinstating the license of retailer after a default. These provisions would reduce the number and amount of bonds available to cover defaults which could potentially lead to increased losses of sales tax revenue and increased costs of collection for the Department of Revenue; however, those losses and costs would not be considered a direct impact of these provisions.

Oversight assumes existing bonds would, beginning January 1, 2015, be refunded as the licensees demonstrate satisfactory tax compliance, and new licensees would not be required to post a bond. This change would result in a net reduction of bonds posted. Since cash bonds are deposited into the General Revenue Fund, these provisions would result in a net reduction in deposits to the General Revenue Fund.

Oversight has no information regarding the number of new licensees that would be affected or the potential bond amounts that would not be collected for those new licensees and will indicate an unknown reduction in revenue to the General Revenue Fund due to the elimination of the bonding requirement.

Administrative impact

DOR officials did not indicate any administrative impact from this provision, and noted a reduction of 24,000 customer contacts per years would be required to allow the elimination of one staff position.

Oversight assumes any administrative cost to implement this provision would be minimal and could be absorbed with existing resources.

IT impact

DOR officials provided an estimate of the IT cost to implement this provision of $1,092 based on 40 hours of programming to make changes to DOR systems.

Oversight assumes OA - ITSD (DOR) is provided with core funding to handle a certain amount of activity each year. Oversight assumes OA - ITSD (DOR) could absorb the costs related to these provisions. If multiple bills pass which require additional staffing and duties at substantial costs, OA - ITSD (DOR) could request funding through the budget process.

ASSUMPTION (continued)

Officials from the **City of Columbia** assumed similar provisions in HB 1725 LR 5751-02 would have little or no impact on their organization.

Officials from **Cole County**, **St. Louis County**, the **Platte County Board of Elections**, and the **St. Louis County Directors of Elections** assumed similar provisions in HB 1725 LR 5751-02 would not have a fiscal impact on their organizations.

Section 144.810, RSMo. - Sales Tax Exemption for Server Farms and Data Storage Facilities:

Beginning August 28, 2014, this proposal would authorize a state and local sales and use tax exemption on items related to new or expanding data storage centers and server farm facilities including electrical energy, gas, water, and other utilities including telecommunications and internet services; machinery, equipment, and computers; and retail sales of tangible personal property and materials for the purposes of constructing, repairing, or remodeling a new data storage center and server farm facility.

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** assumed similar provisions in HB 1444 LR 5431-01 would have a statewide impact, and may impact the calculation under Article X, Section 18(e).

BAP officials noted the proposal would define the following data center projects:

- Expanding facility - $5 million investment within 12 months, and 5 new jobs within 24 months.

- New facility - a new facility that does not replace an existing facility, with investment of $37 million and the creation of 30 new jobs over 36 months.

BAP officials noted the proposal would provide a state and local sales tax exemption for electrical energy, gas, water, other utilities, machinery, equipment, computers, and construction materials used in a new data center. The proposal would also provide a state and local sales tax exemption for electrical energy, gas, water, other utilities, machinery, equipment, computers, and construction materials used by expanding data storage centers, to the extent the amount of new inputs exceed current input levels.

ASSUMPTION (continued)

The amount of any exemption provided under this subsection could not exceed the projected net fiscal benefit to the state over a period of ten years. BAP officials assumed the proposal would not impact current Total State Revenues, but future revenues may be forgone. The program may encourage other economic activity, but BAP officials stated they do not have data to estimate the induced revenues and assumed the Department of Economic Development may have such an estimate.

Officials from the **Department of Economic Development (DED)** assumed similar provisions in HB 1444 LR 5431-01 would create state and local sales and use tax exemptions for data storage center facilities. The data storage centers facility projects which seek a tax exemption would be required to submit a project plan to DED, and DED would be responsible for certifying the tax exemption in coordination with the Department of Revenue. Exemptions would be limited to the projected net fiscal benefit to the state over a period of ten years, as determined by DED. The proposed legislation would also require random audits to ensure compliance with the intent the data storage centers indicated in their project plan.

DED officials stated they were unable to determine the exact impact the proposed legislation would have on Total State Revenue and therefore anticipated an unknown impact.

DED would be responsible for determining eligibility for the exemption approval process and the compliance and auditing functions, and anticipated the need for one additional FTE Economic Development Incentive Specialist III. The new employee would be responsible for reviewing project plan applications to make sure they meet the criteria of the program, and conducting random audits to ensure compliance with the program.

The DED response included one additional FTE; with the applicable benefits and expense and equipment the estimated cost was $63,524 for FY 2015, $69,466 for FY 2016, and $70,216 for FY 2017.

Oversight assumes there would be a limited number of entities eligible for this sales and use tax exemption and that DED could absorb the additional workload with existing resources. If this proposal created an unanticipated increase in the DED workload, or if multiple proposals were implemented which created a substantial increase in the DED workload, resources could be requested through the budget process.

ASSUMPTION (continued)

Officials from the **Department of Revenue (DOR)** assumed similar provisions in HB 1444 LR 5431-01 would exempt all electrical energy, gas, water and other utilities including telecommunication and internet services used in a new data storage center, all machinery, equipment and computers used in any new or expanding data storage center, and all sales at retail of tangible personal property and materials for constructing any new or expanding data storage center from sales and use tax.

Administrative impact

DOR officials assumed Collections & Tax Assistance (CATA) would require one additional FTE Revenue Processing Technician I (Range 10, Step L) per 15,000 additional contacts annually to the registration section, with CARES equipment and agent license, and one additional FTE Revenue Processing Technician I (Range 10, Step L) per 4,800 additional contacts annually to the tax assistance offices, with CARES equipment and agent license.

In addition, DOR officials assumed Sales Tax would require one additional FTE (not specified) to complete amended returns and process the refunds, and one additional FTE Revenue Processing Technician I (Range 10, Step L) for completion of amended returns and processing refunds.

The DOR response included three additional employees; with the related benefits, equipment and expense the cost estimate totaled $123,042 for FY 2014, $122,613 for FY 215, and $123,903 for FY 2016.

Oversight assumes there would be a limited number of entities eligible for this sales and use tax exemption and that DOR could absorb the additional workload with existing resources. If this proposal created a significant unanticipated increase in the DOR workload, or if multiple proposals were implemented, resources could be requested through the budget process.

IT impact

DOR officials assumed the IT cost to implement this proposal would be $29,593 based on 1,084 hours of programming to change DOR systems.

ASSUMPTION (continued)

Oversight assumes OA - ITSD (DOR) is provided with core funding to handle a certain amount of activity each year. Oversight also assumes OA - ITSD (DOR) could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, OA - ITSD (DOR) could request funding through the appropriation process.

Officials from **St. Louis County** assumed similar provisions in HB 1444 LR 5431-01 would result in a small sales tax loss to their organization.

Officials from the **City of Columbia** assumed in response to similar provisions in HB 1444 LR 5431-01 if the city decided to engage in this incentive program there would be a significant loss of tax revenues which they assume would eventually be supplanted by other revenue from local economic activity.

Officials from the **City of Jefferson City** assumed similar provisions in HB 1444 LR 5431-01 would have an unknown negative fiscal impact on the city.

Officials from the **City of Kansas City** assumed the city would have sales tax losses from similar provisions in HB 1444 LR 5431-01 but those losses would be offset by increases in other revenues.

Officials from the **Francis Howell School District** assumed similar provisions in HB 1444 LR 5431-01 would have a negative impact on their organization.

Oversight assumptions

Oversight notes this proposal would require a minimum $37 million investment in a new facility within thirty-six months, or a minimum $5 million investment in an expanding facility within twelve months. The proposed project would require approval by the Department of Economic Development (DED) which would conditionally certify the project to the Department of Revenue (DOR). Upon completion of the project, DED would certify the project eligibility to DOR, and DOR would refund the sales tax paid on the project.

If the proposal became effective August 28, 2014, construction could begin late in FY 2015 and would likely not be completed until late in FY 2016. Refunds would not likely be certified and paid to project owners until FY 2017.

ASSUMPTION (continued)

Oversight is not aware of any existing or planned projects which could qualify for the program, but if one new facility project was completed in time for a refund to be paid in FY 2017, the sales tax amounts could be computed as follows. For fiscal note purposes, Oversight assumes the entire $37 million investment would qualify for the exemption and has calculated the potential impact below.

Entity	Sales Tax Rate	Sales Tax
General Revenue Fund	3%	$1,110,000
Conservation Commission Fund	1/8%	$46,250
School District Trust Fund	1%	$370,000
Parks, Soil & Water Funds	1/10%	$37,000
Local Governments	Average 3.7%	$1,369,000
* The 3.7% average rate for local governments was computed by Oversight based on collections reported by the Department of Revenue.		

Oversight will indicate a fiscal impact for the General Revenue Fund for this proposal of $0 (no project qualifies for the exemption) or a revenue reduction of More than $1,000,000 (one or more projects qualify for the exemption) for FY 2017, and a range of $0 or a revenue reduction of More than $100,000 for other state funds which receive sales tax revenues, and for local governments.

Section 546.902, RSMo. - Fourth Class County Ordinances:

These provisions would allow certain fourth-class cities to enact ordinances.

Officials from the **City of Kansas City**, the **City of Lee Summit** and the **City of Sugar Creek** assumed no fiscal impact to their respective organizations from similar provisions in HB 1829 LR 5878-02.

ASSUMPTION (continued)

Officials from the **City of Grandview**, the **City of Independence**, the **City of Raytown** and **Jackson County** did not respond to our request for information on similar provisions in HB 1829 LR 5878-02.

Oversight assumes these provisions would have no fiscal impact on the state or on local governments.

Section 578.120, RSMo. - Sunday Motorcycle Sales

Officials from the **Department of Economic Development** assumed similar provisions in HB 1618 LR 5510-01 would have no fiscal impact on their organization.

Officials from the **Department of Revenue (DOR)** stated in response to similar provisions in HB 1618 LR 5510-01 the following procedures would need to be implemented for the changes in the proposal:

- Procedures would need to be revised by a Management Analyst I requiring 40 hours at a cost of $840 in FY 2015.

- The Dealers Operating Manual would need to be revised by a Management Analyst I requiring 40 hours at a cost of $840 in FY 2015.

In summary, DOR officials assumed a cost of $1,680 ($840 + $840) in FY 2015 to implement the provisions.

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight also assumes DOR could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the budget process.

Officials from **Platte County** and **Jackson County** did not respond to our request for information on similar provisions in HB 1618 LR 5510-01.

ASSUMPTION (continued)

Oversight assumes allowing motorcycle sales on Sunday would change the date of some sales, but would not materially affect the amount of sales. Therefore, Oversight assumes there would be no impact on sales or use tax collections.

Section 620.1650, RSMo. - Missouri Startup Cloud Program

Officials from the **Department of Economic Development (DED)** assumed similar provisions in HCS for HB 1559 LR 5546-02 would require DED to create a Missouri Capital Exchange program. DED officials noted the provisions would require DED to create a website which would allow financing providers to post any available financial products or services that assist Missouri businesses free of charge. DED would only have 90 days to complete this website, or it would need to contract with an outside agency. DED assumes the costs of the website would result in a negative impact ranging from $0 - $128,000.

Oversight assumes DED would be able to absorb the cost of creating the website required by this provisions. Should the Department decide to award a contract for development of the exchange website, the website developer would be responsible for all related costs per the requirements of these provisions. Oversight assumes there would be no fiscal impact from this provision.

Officials from **Department of Revenue** assume these provisions would not have an impact on their organization.

Officials from the **Joint Committee on Administrative Rules** assumed there would be no fiscal impact to their organization from similar provisions in HCS for HB 1559 LR 5546-02.

Section 620.1915, RSMo - Missouri International Business Advertising Fund:

These provisions would

Officials from **Department of Revenue** assume these provisions would not have an impact on their organization.

ASSUMPTION (continued)

Officials from the **Department of Economic Development**, **Office of Administration - Division of Budget and Planning**, the **Office of State Treasurer**, and the **University of Missouri** assumed there would be no fiscal impact to their organization from similar provisions in HB 1055 LR 4622-01.

Oversight assumes these provisions would create a new state fund for the purpose of advertising for international businesses to locate to Missouri. Oversight assumes the fund would use all the funding its receives to advertise according to these provisions and there would be no net fiscal impact to the state or to local governments.

Section 620.2425, RSMo. - Bring Jobs Home Act:

This proposal would authorize a credit against taxes due, for out of state businesses which relocate to Missouri.

In response to similar language in Re - Perfected HCS for HB 1089 LR 4205-04, officials from the **Office of Administration - Division of Budget and Planning (BAP)** assumed the proposal would not result in any additional costs or savings to their organization.

BAP officials noted the proposal would provide a credit against individual or corporate income taxes, for eligible relocation expenses. The program is capped at $10 million annually; therefore this proposal may reduce Total State Revenues by up to this amount.

Officials from the **Department of Economic Development - Division of Business and Community Services (BCS)** assumed similar language in Re - Perfected HCS for HB 1089 LR 4205-04 would allow businesses to receive a credit in the amount of 20% of eligible expenses incurred moving a qualified business to Missouri. The program would have an annual cap of $10 million, and BCS would implement the program.

BCS officials also assumed the negative impact could be offset by any positive economic activity that would result from the proposed legislation.

Oversight assumes potential economic growth resulting from new business activity in the state could offset part of all of the negative impact from the program; however, that potential growth is speculative and will not be included in this fiscal note.

ASSUMPTION (continued)

DED officials assumed three additional employees would be required to administer the program. The additional employees would be an Economic Development Incentive Specialist III, II, and I. Each of the new employees would be responsible for establishing procedures, reviewing and approving applications for the program to determine eligibility, reviewing tax credit applications to make sure they meet the criteria of the program, drafting and sending the tax credit award documents, and ensuring compliance with program requirements.

The DED response included three additional employees and the related equipment and expenses, and the estimated total cost was $162,948 for FY 2015, $174,371 for FY 2016, and $176,286 for FY 2017.

Oversight assumes the DED estimate of expense and equipment cost for the additional employees could be overstated. If DED is able to use existing desks, file cabinets, chairs, etc., the estimate for equipment could be reduced by roughly $6,000 per new employee.

Oversight notes this proposal would create a tax credit for twenty percent of eligible expenses and there would be no need for application, award, and redemption procedures. Oversight assumes only one additional DED employee would be required for the eligibility and compliance procedures. If unanticipated costs are incurred or if multiple proposals are enacted which increase the DED workload, resources could be requested through the budget process.

Oversight has, for fiscal note purposes only, changed the starting salary for the additional employee to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research. Oversight has also adjusted the DED estimate of equipment and expense in accordance with OA budget guidelines. Finally, Oversight assumes a limited number of additional employees could be accommodated in existing office space.

ASSUMPTION (continued)

Officials from the **Department of Revenue (DOR)** assumed similar language in Re - Perfected HCS for HB 1089 LR 4205-04 would allow a tax credit equal to 20% of eligible expenses. The proposal would cap the credits at $10 million per year. Credits would be based on the number of full-time equivalent employees for the tax year the deduction is claimed. If the taxpayer eliminates the business within 10 years of receiving the deduction, the taxpayer would be required to repay the credits. The program would sunset six years after the effective date unless reauthorized by the General Assembly.

Fiscal impact

DOR officials noted the negative impact to Total State Revenue could be as much as $10 million per year; DOR officials also noted there is no effective date in the legislation which could allow the deduction to be used retroactively.

Oversight notes the provision would create a new tax credit program; therefore, the fiscal impact would range from $0 (no claims made) to $10 million per year (the program cap).

Oversight assumes the program would become effective as of August, 2014 and the $10 million annual cap would apply beginning in FY 2015; the first tax returns for 2014 would be filed in January 2015 (FY 2015). Accordingly, Oversight will indicate a fiscal impact ranging from $0 (no eligible claims) to $10 million (program cap) for FY 2015, FY 2016, and FY 2017.

If the program resulted in claims for eligible business relocation costs from prior years and those costs were determined to be allowable in addition to the annual program cap, the cost of the program could exceed $10 million per year.

Administrative impact

DOR officials assumed the Department would need to make forms changes, and the Department and ITSD-DOR would need to make programming changes to various tax systems.

DOR officials also assumed Personal Tax would require two (2) additional Revenue Processing Technicians I for error correction and correspondence, and Corporate Tax would require two (2) additional Revenue Processing Technicians I for error correction and correspondence. Further, DOR officials assume CARES system equipment would be required for each technician.

ASSUMPTION (continued)

Oversight has no information on the number of businesses which might participate in this program and will, for fiscal note purposes only, assume DOR could implement this provision with two additional employees. If this provision results in an unanticipated increase in the DOR workload or if multiple proposals are implemented which increase the DOR workload, resources could be requested through the budget process.

Oversight has, for fiscal note purposes only, changed the starting salary for the additional DOR employees to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees and policy of the Oversight Subcommittee of the Joint Committee on Legislative Research. Oversight has also adjusted the DOR estimate of equipment and expense in accordance with OA budget guidelines. Finally, Oversight assumes a limited number of additional employees could be accommodated in existing office space.

IT impact

DOR officials provided an estimate of the IT cost to implement this proposal of $60,497 based on 2,216 hours of programming to make changes to DOR systems. DOR officials stated the combination of factors in the proposal resulted in the higher estimate of IT cost.

Oversight will include the DOR estimate of IT cost in this fiscal note.

Officials from the **Department of Economic Development - Division of Workforce Development** assumed similar language in Re - Perfected HCS for HB 1089 LR 4205-04 would have no fiscal impact on their organization.

Section 620.2650, RSMo. - Committee for Entrepreneurs:

This proposal would create the Committee for Entrepreneurs within the Department of Economic Development, and create a grant program for certain accelerated computer programming programs. The proposal would also create a new fund for program operations.

ASSUMPTION (continued)

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** assumed similar language in HB 1811 LR 5767-01 would require the newly-created Committee for Entrepreneurs to annually award up to ten grants of $15,000 to institutions or qualified organizations. Therefore up to $150,000 annually could be appropriated for this purpose. BAP officials assumed the proposal would not impact Total State Revenue or the 18e calculation.

Officials from the **Department of Economic Development (DED)** assumed similar language in HB 1811 LR 5767-01 may have a negative impact on General State Revenue ranging from $0 to $150,000. DED officials assumed the Division of Business and Community Services (BCS) would require 1.5 FTE to support to committee. The FTE would include one additional Economic Development Specialist III and one half-time Accountant I. The Economic Development Specialist would help create guidelines for the applicants and other administrative duties as the board determines and the Accountant I would assist in the issuance of the grants.

Oversight assumes the Department of Economic Development could absorb those duties with existing resources. If unanticipated additional costs are incurred or if multiple programs are implemented which increase the DED workload, resources could be requested through the budget process.

Oversight also notes this provision would create the "Accelerated Technology Education Fund" in the state treasury. The fund would consist of money collected pursuant to this provision, private donations, and the appropriation of the General Assembly. Upon appropriation, money in the fund could only be used for the administration of the program.

Oversight assumes this provision would allow for the distribution of ten grants valued at $15,000 each to approved institutions, and will include a cost from $0 (no money appropriated or distributed) to the $150,000 annual program cap for amounts transferred to the "Accelerated Technology Education Fund".

Oversight also notes the fund would receive money collected pursuant to this provision, private donations, as well as appropriations from the General Assembly. Upon appropriation, money in the fund could only be used for the administration of the program. Oversight will include unknown revenues in addition to the transfers from the General Revenue fund, and expenditures equal to revenues.

ASSUMPTION (continued)

Oversight notes this provision is subject to an emergency clause which would allow the program to be activated when the proposal has been approved by the General Assembly and the Governor; however, Oversight notes the proposal would not likely become active before June 30, 2014 and activity would begin in FY 2015.

Officials from the **Department of Higher Education**, the **Missouri House of Representatives**, the **Missouri Senate**, **Northwest Missouri State University**, and the **University of Missouri** assumed similar language in HB 1811 LR 5767-01 would have no fiscal impact to their respective organizations.

Officials from **Linn State Technical College** assumed similar language in HB 1811 LR 5767-01 would an unknown impact to their organization.

Officials at the **Missouri State University** stated they were unable to estimate an impact for similar language in HB 1811 LR 5767-01.

Officials at the **University of Central Missouri** assumed there would be no immediate fiscal impact to their organization from similar language in HB 1811 LR 5767-01; however, should they be awarded one of the grants, that could result in increased revenue.

Bill as a whole responses

In response to similar language in other proposals, officials from the **Office of the Secretary of State (SOS)** assumed many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the Secretary of State's Office for Administrative Rules is less than $2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

ASSUMPTION (continued)

In response to similar language in other proposals, officials from the **Joint Committee on Administrative Rules** assumed the provisions would not have a fiscal impact to their organization in excess of existing resources.

FISCAL IMPACT - State Government	FY 2015 (10 Mo.)	FY 2016	FY 2017
GENERAL REVENUE FUND			
Revenue reduction - Allocation of interstate sales income Section 143.451	(Up to $15,000,000)	(Up to $15,000,000)	(Up to $15,000,000)
Revenue reduction - Sales tax exemption on aircraft parts Section 144.030.2.(41)	(More than $100,000)	(More than $100,000)	(More than $100,000)
Revenue reduction - Sales tax exemption on aircraft sold to nonresidents Section 144.030.2.(43)	(More than $100,000)	(More than $100,000)	(More than $100,000)
Revenue reduction - Sales tax exemption on used manufactured homes Section 144.044	(Unknown)	(Unknown)	(Unknown)
Revenue reduction - Sales tax compliance bonds not required Section 144.087	(Unknown)	(Unknown)	(Unknown)
Revenue Reduction- sales tax exemption on server farms and data storage facilities Section 144.810	$0	$0	$0 or (More than $1,000,000)

FISCAL IMPACT - State Government (Continued)	FY 2015 (10 Mo.)	FY 2016	FY 2017
GENERAL REVENUE FUND (Continued)			
Transfers - Missouri International Business Advertising Fund Section 620.1915	$0 or (Unknown)	$0 or (Unknown)	$0 or (Unknown)
Cost - DED Business relocation tax credits Section 620.2425			
Salaries	($21,990)	($26,388)	($26,652)
Benefits	($11,216)	($13,459)	($13,594)
Equipment and expense	($7,249)	($600)	($615)
Total	($40,455)	($40,447)	($40,861)
FTE change - DED	1 FTE	1 FTE	1 FTE
Cost - DOR Business relocation tax credits Section 620.2425			
Salaries	($38,560)	($46,272)	($46,735)
Benefits	($19,668)	($23,601)	($23,837)
Equipment and expense	($18,595)	($2,066)	($2,117)
IT cost	($60,497)	$0	$0
Total	($137,320)	($71,939)	($72,689)
FTE change - DOR	2 FTE	2 FTE	2 FTE
Revenue reduction - Business relocation tax credits Section 620.2425	$0 to ($10,000,000)	$0 to ($10,000,000)	$0 to ($10,000,000)

FISCAL IMPACT - State Government (Continued)	FY 2015 (10 Mo.)	FY 2016	FY 2017
GENERAL REVENUE FUND (Continued)			
Transfers - Accelerated Technology Education Fund Section 620.2650	$0 to ($150,000)	$0 to ($150,000)	$0 to ($150,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	**(Could exceed $25,527,775)**	**(Could exceed $25,462,386)**	**(Could exceed $26,463,550)**
Estimated Net FTE Effect on General Revenue Fund	3 FTE	3 FTE	3 FTE

FISCAL IMPACT - State Government (Continued)	FY 2015 (10 Mo.)	FY 2016	FY 2017
BLIND PENSION FUND			
Revenue reduction - property tax exemptions Section 137.100	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON BLIND PENSION FUND	**(Unknown)**	**(Unknown)**	**(Unknown)**
CONSERVATION COMMISSION FUND			
Revenue reduction - Sales tax exemption on aircraft parts Section 144.030.2.(41)	(Less than $100,000)	(Less than $100,000)	(Less than $100,000)
Revenue reduction - Sales tax exemption on aircraft sold to nonresidents Section 144.030.2.(43)	(Less than $100,000)	(Less than $100,000)	(Less than $100,000)
Revenue reduction - Sales tax exemption on used manufactured homes Section 144.044	(Unknown)	(Unknown)	(Unknown)
Revenue Reduction - Sales tax exemption on server farms and data storage facilities Section 144.810	$0	$0	$0 or (More than $100,000)
ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND	**(Less than $100,000 to Unknown)**	**(Less than $100,000 to Unknown)**	**(Less than $100,000 to Unknown)**

FISCAL IMPACT - State Government (Continued)	FY 2015 (10 Mo.)	FY 2016	FY 2017
PARKS, AND SOIL AND WATER FUND			
Revenue reduction - Sales tax exemption on aircraft parts Section 144.030.2.(41)	(Less than $100,000)	(Less than $100,000)	(Less than $100,000)
Revenue reduction - Sales tax exemption on aircraft sold to nonresidents Section 144.030.2.(43)	(Less than $100,000)	(Less than $100,000)	(Less than $100,000)
Revenue reduction - Sales tax exemption on used manufactured homes Section 144.044	(Unknown)	(Unknown)	(Unknown)
Revenue Reduction - Sales tax exemption on server farms and data storage facilities Section 144.810	$0	$0	$0 or (More than $100,000)
ESTIMATED NET EFFECT ON PARKS, AND SOIL AND WATER FUND	**(Less than $100,000 to Unknown)**	**(Less than $100,000 to Unknown)**	**(Less than $100,000 to Unknown)**

FISCAL IMPACT - State Government (Continued)	FY 2015 (10 Mo.)	FY 2016	FY 2017
SCHOOL DISTRICT TRUST FUND			
Revenue reduction - Sales tax exemption on aircraft parts Section 144.030.2.(41)	(More than $100,000)	(More than $100,000)	(More than $100,000)
Revenue reduction - Sales tax exemption on aircraft sold to nonresidents Section 144.030.2.(43)	(More than $100,000)	(More than $100,000)	(More than $100,000)
Revenue reduction - Sales tax exemption on used manufactured homes Section 144.044	(Unknown)	(Unknown)	(Unknown)
Revenue Reduction- Sales tax exemption on server farms and data storage facilities Section 144.810	$0	$0	$0 or (More than $100,000)
ESTIMATED NET EFFECT ON SCHOOL DISTRICT TRUST FUND	**(More than $100,000 to Unknown)**	**(More than $100,000 to Unknown)**	**(More than $100,000 to Unknown)**

FISCAL IMPACT - State Government (Continued)	FY 2015 (10 Mo.)	FY 2016	FY 2017
MISSOURI INTERNATIONAL BUSINESS ADVERTISING FUND			
Transfers - General Revenue Fund Appropriations Section 620.1915	$0 or Unknown	$0 or Unknown	$0 or Unknown
Revenues - Gifts, grants, and other Section 620.1915	$0 or Unknown	$0 or Unknown	$0 or Unknown
Cost- Advertising the benefits of relocation to Missouri Section 620.1915	$0 or (Unknown)	$0 or (Unknown)	$0 or (Unknown)
ESTIMATED NET EFFECT ON MISSOURI INTERNATIONAL BUSINESS ADVERTISING FUND	**$0**	**$0**	**$0**
ACCELERATED TECHNOLOGY EDUCATION FUND			
Transfers - General Revenue Fund Section 620.2650	$0 to $150,000	$0 to $150,000	$0 to $150,000
Revenue - Donations and other Section 620.2650	$0 to Unknown	$0 to Unknown	$0 to Unknown
Expenditures - Program operations Section 620.2650	$0 to (More than $150,000)	$0 to (More than $150,000)	$0 to (More than $150,000)
ESTIMATED NET EFFECT ON ACCELERATED TECHNOLOGY EDUCATION FUND	**$0**	**$0**	**$0**

FISCAL IMPACT - Local Government	FY 2015 (10 Mo.)	FY 2016	FY 2017
LOCAL GOVERNMENTS			
Revenue reduction - property tax exemptions Section 137.100	(Unknown)	(Unknown)	(Unknown)
Revenue reduction - Sales tax exemption on aircraft parts Section 144.030.2.(41)	(More than $100,000)	(More than $100,000)	(More than $100,000)
Revenue reduction - Sales tax exemption on aircraft sold to nonresidents Section 144.030.2.(43)	(More than $100,000)	(More than $100,000)	(More than $100,000)
Revenue reduction - Sales tax exemption on used manufactured homes Section 144.044	(Unknown)	(Unknown)	(Unknown)
Revenue Reduction - Sales tax exemption on server farms and data storage facilities Section 144.810	$0	$0	$0 or (More than $100,000)
ESTIMATED NET EFFECT ON LOCAL GOVERNMENTS	**(More than $100,000 to Unknown)**	**(More than $100,000 to Unknown)**	**(More than $100,000 to Unknown)**

FISCAL IMPACT - Small Business

This proposal would have an impact on small businesses which are involved in technology business facility projects, server farms, or data storage facilities, which are located near the Kansas border, which operate nursing homes, which have interstate sales, which sell aircraft, which buy or sell used manufactured homes, which own or invest in new businesses, which are involved with international business, or are subject to sales tax requirements.

SAS:LR:OD

FISCAL DESCRIPTION

This proposal would implement a number of changes to business taxation and economic incentive programs.

Section 67.2050, RSMo. would authorize local governments to enter into loan agreements, or sell, lease, or mortgage municipal property to private entities for the development of a technology business facility project. The provisions would also authorize tax exemptions for the properties involved in the project.

Section 135.1670, RSMo. would prohibit the Department of Economic Development from issuing tax credits for the BUILD Program, New and Expanding Business Facility Program and the MO Works Program to businesses relocating from a Kansas border county to a Missouri border county, if the state of Kansas enacts similar prohibitions.

Changes to Section 137.100, RSMo. would provide a property tax exemption for nursing homes operated by 501(c)(3) corporations.

Section 143.451 would provide a method for corporations to allocate the income from interstate sales for income tax purposes.

Changes to Section 144.030, RSMo. would extend the current sales tax exemption on aicraft parts, and would create a sales tax exemption for sales of aircraft to non-state residents.

Changes to Section 144.044, RSMo. would authorize an exemption from state and local sales taxes on a manufactured home which does not qualify as "new" as defined in state law.

Changes to Section 144.083, RSMo. would add withholding and income tax to the taxes which must be included in a statement of no tax due.

Changes to Section 144.087, RSMo. would remove the bonding requirement for new retail licensees.

Section 144.810 would provide sales and use tax exemptions for server farms and data storage facilities.

Changes to Section 546.902, RSMo. would allow certain fourth-class cities to enact ordinances.

SAS:LR:OD

FISCAL DESCRIPTION (continued)

Section 578.120 would authorize Sunday motorcycle sales.

Section 620.1650, RSMo. would require the Department of Economic Development (DED) to create a Missouri Capital Exchange program. DED would create a website which would allow financing providers to post any available financial products or services that assist Missouri businesses free of charge.

Section 620.1915, RSMo. would create a new state fund for the purpose of advertising for international businesses to locate to Missouri.

Section 620.2425 would provide tax credits for businesses which relocate to Missouri from another state.

Section 620.2650 would create a supervisory board and authorize a set of grants for accelerated technology education programs.

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

SAS:LR:OD

SOURCES OF INFORMATION

Office of the Secretary of State
Office of State Treasurer
Joint Committee on Administrative Rules
Office of Administration
  Division of Budget and Planning
Department of Economic Development
Department of Revenue
University of Missouri
Cass County
Clay County
Cole County
Jackson County
Platte County
St. Louis County
City of Columbia
City of Kansas City
City of Lee Summit
City of Sugar Creek
Platte County Board of Elections
St. Louis County Directors of Elections

Mickey Wilson

Mickey Wilson, CPA
Director
May 12, 2014

Ross Strope
Assistant Director
May 12, 2014

SAS:LR:OD