

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 3611-01
BILL NO.: HB 1491
SUBJECT: Revenue Dept; Taxation and Revenue - General; Taxation and Revenue - Sales and Use.
TYPE: Original
DATE: January 27, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	(unknown)	(unknown)	(unknown)
Highway	(unknown)	(unknown)	(unknown)
School District Trust	(unknown)	(unknown)	(unknown)
Conservation	(unknown)	(unknown)	(unknown)
Parks and Soil	(unknown)	(unknown)	(unknown)
Total Estimated Net Effect on <u>All</u> State Funds	(less than \$100,000)	(less than \$100,000)	(less than \$100,000)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses

This fiscal note contains 3 pages.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	(unknown)	(unknown)	(unknown)

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 an minimal but unknown decrease in state revenue. The exemption includes all items purchased that are converted into another item that is donated to the state.

ADMINISTRATIVE IMPACT: It is 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.

REVENUE IMPACT: 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** stated in a response to similar legislation from 1999, 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 2001 (10 Mo.)	FY 2002	FY 2003
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Loss to State Funds:

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)

<u>FISCAL IMPACT - Local Government</u>	FY 2001	FY 2002	FY 2003
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(10 Mo.)

Loss to Political Subdivisions (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



Jeanne Jarrett, CPA
Director
January 27, 2000