

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0208-01
Bill No.: HB 286 with HCA's 1 & 2
Subject: Business and Commerce; Revenue Dept.; Taxation and Revenue-Sales and Use
Type: Original
Date: March 21, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	\$0	Unknown	Unknown
Mental Health Trust Fund	Less than \$22,000,000	Unknown	Unknown
Total Estimated Net Effect on <u>All</u> State Funds	Less than \$22,000,000	UNKNOWN	UNKNOWN

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

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

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue (DOR)** assume this legislation as worded would require sales tax refunds to be refunded or credited to the person who originally paid the sales tax. The person who remits the tax must demonstrate that the sales tax refund will be refunded to the person who originally paid the tax prior to DOR refunding. House Committee Amendment 1 exempts from these provisions business taxpayers who are permitted to file annual and quarterly sales tax returns. House Committee Amendment 2 earmarks any money collected and not refunded pursuant to this provision to the Mental Health Trust Fund.

DOR assumes this legislation could result in a decrease in sales tax refunds for FY 02 of approximately \$22 million. The Department is unable to determine any impact House Committee Amendment 1 will have. DOR does not foresee any additional savings due to the additional documentation that will be required in order to apply for a sales tax refund. DOR assumes a minimal impact on programming to be completed with existing resources.

Officials from the **Office of Administration, Budget and Planning (BAP)** state DOR is better suited to respond to this proposal.

Oversight assumes the determination of the amount to transfer to the Mental Health Trust Fund annually may not be feasible administratively. In addition, since DOR's estimate is based on prior year refund amounts and DOR assumes taxpayers will become better informed about sales tax rules and not overcharge customers in the future with the passage of this legislation, Oversight has shown the fiscal impact in FY03 and FY04 as unknown.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
GENERAL REVENUE FUND			
<u>Revenue - General Revenue Fund</u>	Less than		
Reduction in sales tax refunds	\$22,000,000	Unknown	Unknown
<u>Transfer to Mental Health Trust Fund</u>	Less than		
Reduction in sales tax refunds	<u>(\$22,000,000)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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MENTAL HEALTH TRUST FUND

<u>Revenue - Mental Health Trust Fund</u>	Less than		
Transfer-Reduction in sales tax refunds	<u>\$22,000,000</u>	<u>Unknown</u>	<u>Unknown</u>

ESTIMATED NET EFFECT ON MENTAL HEALTH TRUST FUND	Less than <u>\$22,000,000</u>	<u>Unknown</u>	<u>Unknown</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

This legislation could affect all businesses that collect sales tax.

DESCRIPTION

This bill requires that any request for a refund of sales taxes by a person who collects and remits the tax will only be granted if the person demonstrates to the satisfaction of the Director of Revenue that the amount will be refunded or credited to the person who originally paid the sales tax. The restriction will not apply if the person seeking the refund shows to the director's satisfaction that he or she originally paid the tax and that it was not collected from the purchasers. In addition, the restriction will not apply to annual or quarterly sales tax filers.

Any funds collected but not refunded under subsection 3 of Section 144.190 shall be deposited in the Mental Health Trust Fund, pursuant to Section 630.330, for the purpose of funding programs for the mentally retarded or developmentally disabled.

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
Division of Budget and Planning

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is written in a cursive style with a large initial "J".

Jeanne Jarrett, CPA
Director
March 21, 2001