

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0991S.01I  
Bill No.: SB 226  
Subject: Taxation and Revenue - Sales and Use  
Type: Original  
Date: January 21, 2021

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Bill Summary: This proposal modifies the filing periods for the remittance of sales taxes.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</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 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Revenue (DOR)** assume the proposal would have no direct impact on general and total state revenues.

Officials from the **Office of Administration – Budget & Planning (B&P)** assume the proposal will have a minimal cash flow and TSR impact in FY21 and FY22. This proposal will not impact TSR beyond these two fiscal years.

This proposal will not impact the calculation under Article X, Section 18(e).

This proposal would change the filing thresholds for sales tax. The following table shows the current DOR regulation versus this proposal.

Filing Frequency	Current Regulation	Proposal
Monthly	Collections $\geq$ \$500 per month	Collections $>$ \$500 per month
Quarterly	Collections $<$ \$500 per month Collections $\geq$ \$100 in a quarter	Collections $<$ \$500 per month Collections $\geq$ \$200 in a quarter
Annual	Collections $<$ \$100 in a quarter	Collections $<$ \$200 in a quarter

This proposal would allow filers who collect between \$100 and \$200 in a calendar quarter to file on an annual basis rather than the quarterly basis that is currently required by DOR regulation.

B&P is unable to determine how many sales tax filers would be impacted by this proposal; however, B&P notes that quarterly sales tax collections are approximately 14% of total sales tax collections. However, B&P is unable to determine of that 14%, how many businesses have collections between \$100 and \$200 in a quarter.

**Oversight** notes B&P assumes this proposed legislation will have a minimal negative fiscal impact in Fiscal Year 2021 and a minimal positive fiscal impact in Fiscal Year 2022. Oversight notes the fiscal impacts are a result of the change in when the State will recognize the sales tax revenues from sales tax remittances from entities that have quarterly collections of \$100 to \$200.

Officials from **Department of Natural Resources (DNR)** assume the Department's Parks and Soils Sales Tax Funds are derived from one-tenth of one percent sales and use tax pursuant to Article IV Section 47(a) of the Missouri Constitution. Any increase in sales tax collected could increase revenue to the Parks and Soils Sales Tax Funds. The Department assumes any increase in revenue to the Parks and Soils Sales Tax Funds would be used for the purposes established in Article IV Section 47(a) of the Missouri Constitution.

The impact to the Department’s Parks and Soils Sales Tax Funds is unknown at this time due to the dollar amount changes associated with the filers in each aggregate amount levied and imposed and the associated filing deadlines. The Department assumes the Department of Revenue would be better able to estimate the anticipated fiscal impact that would result from this proposal.

**Oversight** notes MDC=s Conservation Commission Fund (0609) receives one-eighth of one percent of the revenues generated from sales and use tax. Oversight will report the impact to the Conservation Commission Fund as reported by B&P.

Officials from the **Missouri Department of Conservation (MDC)** assume the Conservation Sales Tax funds are derived from one-eighth of one percent sales and use tax pursuant to Article IV Section 43 (a) of the Missouri Constitution. Any change in timing of the sales and use tax collected could have an effect on the Conservation Sales Tax funds.

**Oversight** notes this proposed legislation does not change the aggregate amount of sales tax remitted to the State. Rather, this proposed legislation changes when businesses will remit the sales tax. While this could impact when the money is received (timing difference/cash flow), it will not impact how much is received. Also, as noted above, this proposal would not have a material impact on the timing of sales tax remittances. Therefore, for purposes of this fiscal note, Oversight will not show a material direct fiscal impact as a result of this proposed legislation.

Officials from the **Economic & Policy Analysis Research Center, Missouri Department of Transportation, and Office of Administration** each assume the proposal have no direct effect on their organization.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

Some small businesses would be expected to comply with the new remittance schedule as a result of this proposal.

FISCAL DESCRIPTION

Current law provides statutory sales tax collection thresholds to determine the frequency at which sellers shall file and remit sales taxes collected, with such periods being quarter-monthly, monthly, quarterly, and annually. Current law also allows the Department of Revenue to increase, but not decrease, such thresholds through rule. This act modifies the statutory thresholds for the monthly, quarterly, and annual filing periods.

For monthly filing, the threshold is changed from at least \$250 in the first or second month of a calendar quarter to at least \$500 per calendar month for the prior year.

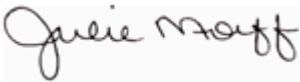
For quarterly filing, the threshold is changed from at least \$45 in a calendar quarter, but not subject to monthly filing to less than \$500 per calendar month, but at least \$200 in a calendar quarter.

For annual filing, the threshold is changed from less than \$45 per calendar quarter to less than \$200 per calendar quarter.

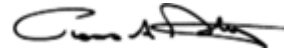
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue  
Office of Administration –Budget & Planning  
Office of Administration  
Missouri Department of Conservation  
Department of Natural Resources  
Economic & Policy Analysis Research Center



Julie Morff  
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January 21, 2021



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