

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3691S.03I
 Bill No.: SB 879
 Subject: Fire Protection; Cities, Towns, and Villages; Saint Louis County; Taxation and Revenue - Sales and Use; Taxation and Revenue - Property
 Type: Original
 Date: February 23, 2024

Bill Summary: This proposal creates provisions relating to fire protection services.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue*	\$0	\$0 or Unknown	\$0 or Unknown
Total Estimated Net Effect on General Revenue	\$0	\$0 or Unknown	\$0 or Unknown

*Oversight assumes the potential unknown amount of revenue (Department of Revenue’s 1% collection fee on sales tax – if collected by DOR) from this proposal will not reach the \$250,000 threshold.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on FTE	0	0	0

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

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Local Government	\$0	\$0 or Unknown	\$0 or Unknown

FISCAL ANALYSIS

ASSUMPTION

§321.905 – Fire Protection Districts in St. Louis County

Officials from the **Department of Revenue (DOR)** assume this proposal allows any city within St. Louis County to adopt two new taxes. All of the following cities could potentially enact this:

Affton	Concord	Grantwood	Normandy	Sycamore Hills Town and Country
Allenton	Cool Valley Country Club Hills	Green Park	Northwoods	Twin Oaks
Ballwin	Country Life Acres	Greendale	Norwood Court	University City
Bella Villa Bellevue Neighbors City of Bellerive Acres	Crestwood	Grover	Oakland	Uplands Park
Bel-Nor	Creve Coeur Crystal Lake Park	Hanley Hills	Oakville	Valley Park
Bel-Ridge	Dellwood	Hillsdale	Old Jamestown	Velda City Velda Village Hills
Berkeley	Des Peres	Huntleigh	Olivette	Vinita Park
Beverly Hills	Edmundson	Jennings	Overland	Vinita Terrace
Black Jack	Ellisville	Kinloch	Pagedale	Warson Woods
Breckenridge Hills	Eureka	Kirkwood	Pasadena Hills	Webster Groves
Brentwood	Fenton	Ladue	Pasadena Park	
Bridgeton	Ferguson	Lakeshire	Pine Lawn Richmond Heights	Wellston
Calverton Park	Flordell Hills	Lemay	Riverview	Westwood
Castle Point	Florissant	Mackenzie	Rock Hill	Wilbur Park
Champ	Frontenac	Manchester	Sappington	Wildwood
Charlack	Glasgow Village	Maplewood	Shrewsbury	Winchester Woodson Terrace
Chesterfield	Glen Echo Park	Marlborough Maryland Heights	Spanish Lake	
Clarkson Valley	Glencoe	Mehlville	St. Ann	
Clayton	Glendale	Moline Acres	St. John	
			Sunset Hills	

This proposal allows a city to create a tax on all real property and then a sales tax in order to fund fire protection services. In order to enact the property tax, the citizens of the district must adopt the tax at an election. They are allowed to collect up to \$0.25 cents per \$100 assessed valuation.

If the city adopts the property tax they can then go back to their voters to implement a sales tax. This sales tax can be up to one half of one percent on all sales subject to taxation under Chapter 144. This sales tax must also be adopted by the voters at another election.

Both the property tax and sales tax are to be used to provide fire protection service.

This proposal states the sales tax is to be used to reduce the property tax collected. The fire protection district is to calculate the amount of sales tax, property tax collected and their expenses. Using the sales tax calculation, they are to lower the property tax rate by the amount generated under the sales tax.

This proposal does not require that DOR collect the sales tax on behalf of the city or fire protection district. If DOR would be required to collect the sales tax, DOR would retain 1% of the amount of sales tax collected for reimbursement of our services. DOR does not collect property. It appears the cities will be responsible for the collection and estimating the impact.

DOR is unable to determine which if any of the cities would want to adopt these 2 taxes.

Oversight notes subsection 5 of the proposal does not clarify if DOR will be responsible for collecting the sales tax on behalf of the city and/or fire protection district should the proposal be voted on and approved by the voters. If DOR is responsible, then a 1% collection fee based off of the sales tax would be collected. Therefore, Oversight will reflect a \$0 (no ballot issue/approval) or unknown amount of revenue to General Revenue as a direct fiscal impact for this proposal.

Oversight also assumes this proposal is permissive in nature and would have no local fiscal impact without the action by the governing body of municipalities within St. Louis County and the approval by the majority of voters within those municipalities of St. Louis County to levy and collect taxes on real property and/or sales tax to provide funding for fire protection services. Therefore, Oversight will reflect a \$0 (no ballot issue/approval) or unknown amount of revenue to the municipalities of St. Louis County as a direct fiscal impact for this proposal.

Officials from the **Office of Administration - Budget and Planning**, the **St. Louis County Board of Elections** and the **State Tax Commission** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Officials from the **Office of the Secretary of State (SOS)** note 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 SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes 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 the office can sustain with its core budget. Therefore, the SOS reserves 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.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other cities, counties and fire protection districts were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
GENERAL REVENUE			
<u>Revenue</u> – DOR – 1% collection fee on sales tax revenue §321.905	\$0	\$0 or Unknown	\$0 or Unknown
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0	\$0 or Unknown	\$0 or Unknown

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
MUNICIPALITIES OF ST. LOUIS COUNTY			
<u>Revenue</u> – potential increase in taxes collected on property and sales upon voter approval §321.905	\$0	\$0 or Unknown	\$0 or Unknown
ESTIMATED NET EFFECT ON MUNICIPALITIES OF ST. LOUIS COUNTY FUNDS	\$0	\$0 or Unknown	\$0 or Unknown

FISCAL IMPACT – Small Business

If the voters approve the levy and collection of taxes on real property and/or sales tax, small businesses could be impacted from this proposal.

FISCAL DESCRIPTION

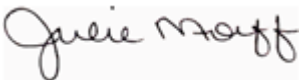
This act authorizes municipalities located within St. Louis County to impose a property tax to provide fire protection services, with such tax not to exceed \$0.25 per \$100 assessed valuation.

This act also authorizes fire protection districts and municipalities located within St. Louis County to impose a sales tax of up to 0.5% to provide fire protection services. A fire protection district or municipality imposing a sales tax authorized by this act shall reduce any property tax levy imposed by such district or municipality for the purposes of providing fire protection services such that the revenue generated by such property tax levy is offset in an amount equal to one hundred percent of the amount of revenue generated by the sales tax imposed pursuant to this act.

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 and Planning
St. Louis County Board of Elections
State Tax Commission
Office of the Secretary of State



Julie Morff
Director
February 23, 2024



Ross Strobe
Assistant Director
February 23, 2024