

**FISCAL NOTE
PRIVATE COST**

- I. Department Title: Department of Revenue**
Division Title: Director of Revenue
Chapter Title: Sales/Use Tax-Constitutional Issues

Rule Number and Title:	12 CSR 10-114.100 Determining When a Vendor has Sufficient Nexus for Use Tax
Type of Rulemaking:	AMENDED RULE

II. SUMMARY OF FISCAL IMPACT

Estimate of the number of entities by class which would likely be affected by the adoption of the rule:	Classification by types of the business entities which would likely be affected:	Estimate in the aggregate as to the cost of compliance with the rule by the affected entities:
Unknown	Large and Small	\$0

III. WORKSHEET

IV. ASSUMPTIONS

Economic nexus determines if a business is required to file use tax. Currently, only businesses that have a physical presence in Missouri are defined as having economic nexus with Missouri and are required to collect and remit use tax. SB 153 adopted in 2021 expanded the definition of economic nexus. SB 153 expanded the definition to include businesses that conduct more than \$100,000 in taxable sales as having nexus. Therefore, more businesses will be required to collect and remit use tax.

Missouri is the last state to expand their definition of economic nexus. The Department is unable to predict how many businesses are already filing this use tax and how many additional businesses will be required to file. However, for fiscal note purposes, the Department estimated that in the first year we would bring in an additional \$11,731,702 to \$170,701,213 in use tax revenue.

It should be noted that this proposal is strictly for determining nexus. Determining nexus would not have a fiscal impact on a business. When economic nexus is determined, how

much to collect from customers and how to remit it may have a fiscal impact, which would be covered under another rule.