

**FISCAL NOTE
PUBLIC COST**

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

Rule Number and Name:	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

Affected Agency or Political Subdivision	Estimated Cost of Compliance in the Aggregate
Department of Revenue	\$0
Political Subdivisions with a Use Tax	\$0
Political Subdivisions without a Use Tax	Less than \$7.5 million

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.

However, under SB 153 the state and political subdivisions (cities and counties) that have currently adopted a use tax will receive use tax from these businesses. The Department has a current process for the distribution of sales and use tax. That same distribution system will be used to distribute this increased use tax revenue and therefore will not fiscally impact the Department. If a political subdivision has a current use tax adopted, then they will not have any additional costs from this proposal, as they will receive the increased revenue through the current distribution process.

SB 153 allows political subdivisions without a use tax, to adopt a use tax through a vote of the people. If a political subdivision chooses to go to the vote of the people they would need to pay election costs. If adopted they will receive the increased revenue through the current distribution process. The Department is unable to estimate how many additional political subdivisions will chose to go to the vote of the people or what they would pay in election costs. Election costs are determined by the number of issues/candidates on the ballot. However, the Department notes that if even one political

subdivision chooses to have an election, the cost for that political subdivision will be more than the \$500 minimum impact. The Office of the Secretary of State reports to Oversight annually the cost of all political subdivisions having a special election. That cost is estimated at \$7.5 million. The Department assumes this proposal would be less than the \$7.5million.