

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: HB1089**

**Bill Subtitle: TO EXEMPT MORGAN NICK FOUNDATION FROM SALES AND USE TAX.**

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### Basic Change :

**Sponsors: Rep. C. Fite and Sen. J. Petty**

HB1089 creates a new section, § 26-52-455, to provide a sales and use tax exemption for sales to the Morgan Nick Foundation, Inc. of Alma. Sales to the Morgan Nick Foundation would be exempt from gross receipts taxes levied under §§ 26-52-301, -302, and 26-63-402, compensating use taxes levied under §§ 26-53-106 and -107, and all city and county sales and use taxes.

### Revenue Impact :

#### **FY2024**

**Total Approximate State Sales and Use Tax Loss** **\$ - 14,733**

(Estimated Effective Date 10/1/23 --- 8 months reduced tax collection)

General Revenue - 4.5%	\$ - 9,884
Property Tax Relief - .5%	\$ - 1,098
Conservation Fund - .125%	\$ - 275
Educational Adequacy Fund - .875%	\$ - 1,922
Highway Fund - .5%	\$ - 1,098
Educational Excellence Trust Fund -	\$ - .000
Educational Adequacy (GR Transfer) -	\$ - .000
State Central Services -	\$ - 309

Constitutional Officers -	\$ - 147
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**Total Approximate Local City and County Sales and Use Tax Loss** **\$ - 4,911**

#### **FY2025**

**Total Approximate State Sales and Use Tax Loss** **\$ - 22,500**

General Revenue - 4.5%	\$ - 13,573
Property Tax Relief - .5%	\$ - 1,677
Conservation Fund - .125%	\$ - 419
Educational Adequacy Fund - .875%	\$ - 2,935
Highway Fund - .5%	\$ - 1,677
Educational Excellence Trust Fund -	\$ - 1,398
Educational Adequacy (GR Transfer) -	\$ - 124
State Central Services -	\$ - 473
Constitutional Officers -	\$ - 225

**Total Approximate Local City and County Sales and Use Tax Loss** **\$ - 7,500**

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[ The exemption would be effective on the first day of the second calendar month following the effective date of the act. An effective date of October 1, 2023 is assumed for purposes of the revenue impact above. ]

### **Taxpayer Impact :**

The Morgan Nick Foundation, Inc. of Alma would be exempt from state sales taxes levied under §§ 26-52-301, -302, and 26-63-402, use taxes levied under §§ 26-53-106 and -107, and local sales and use taxes on their purchases.

### **Resources Required :**

None.

### **Time Required :**

Adequate time is provided for implementation.

### **Procedural Changes :**

Updates to the sales and use tax rules will need to be promulgated.

### **Other Comments :**

None.

### **Legal Analysis :**

None.