



CITIZENS SUMMARY

Findings in the audit of Cost of Tax Incentives and Exemptions

Improvements Needed to Measure Impact of Legislation	Improvements are needed in the fiscal note process to provide additional information on the impacts of legislation that affect state revenues. State law does not require a post-implementation review to determine the actual fiscal impact of legislation passed in comparison to fiscal note estimates. Also, the Department of Revenue does not track sufficient data to determine the actual fiscal impact of legislation involving the exemption of portions of the sales tax base.
Timely Sales and Use Tax Discount	State laws allowing retailers to retain a portion of sales taxes collected if they remit to the DOR in a timely manner result in state and local governments forgoing significant revenues, are more generous to businesses than surrounding states, and significantly benefit the state's largest retailers. The DOR is not required to and does not routinely report the amount of timely discounts retained by businesses to the General Assembly, local governments impacted, or to the general public.
Timely Withholding Tax Discount	Missouri is the only state to offer a discount for timely remittance of employee withholding taxes. The discount is unnecessary and results in the state forgoing significant revenue. In addition, the DOR is not required to and does not routinely report the amount of timely withholding discounts issued to the General Assembly or the general public.
Internet Sales	The General Assembly has not passed legislation to allow Missouri to participate in the Streamlined Sales and Use Tax Agreement, costing the state millions in potential sales tax revenue.

Because of the limited objective of this review, no overall rating is provided.