



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2025 Biennium

**Bill information:**

SB0253 - Revise contractor's gross receipts tax (Hertz, Greg )

**Status:** As Amended in Senate Committee

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input type="checkbox"/> Needs to be included in HB 2  | <input type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
<b>Revenue:</b>				
General Fund	(\$97,500)	(\$99,700)	(\$102,000)	(\$104,500)
State Special Revenue	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	<u>(\$97,500)</u>	<u>(\$99,700)</u>	<u>(\$102,000)</u>	<u>(\$104,500)</u>

**Description of fiscal impact:** SB 253, as amended twice, raises the value of contracts that are exempt from the contractor's gross receipts tax from \$5,000 to \$80,000. The exemption of more contracts will reduce general fund revenue.

### FISCAL ANALYSIS

**Assumptions:**

- From FY 2018 to FY 2022, public contracts between \$5,000 and \$80,000 contributed, on average, 2.27% of total contractor's gross receipts revenue. This ratio was applied to HJ 2 forecasts of contractor's gross receipts revenue to estimate the amount that would be exempt from taxation under SB 253.
- The following table contains the HJ 2 forecasts and the expected forgone contractor's gross receipts revenue.

Fiscal Year	Total Contractor's Gross Receipts Revenue	Share of Total Revenue from Contracts <\$80,000
2024	\$4,300,289	\$97,502
2025	\$4,396,357	\$99,680
2026	\$4,499,155	\$102,011
2027	\$4,606,832	\$104,452

3. The cost of small changes to forms and processes will be absorbed by the Department of Revenue.

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
Personal Services	\$0	\$0	\$0	\$0
Operating Expenses	\$0	\$0	\$0	\$0
<b>TOTAL Expenditures</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
<b>TOTAL Funding of Exp.</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Revenues:</u></b>				
General Fund (01)	(\$97,500)	(\$99,700)	(\$102,000)	(\$104,500)
State Special Revenue (02)	\$0	\$0	\$0	\$0
<b>TOTAL Revenues</b>	<u>(\$97,500)</u>	<u>(\$99,700)</u>	<u>(\$102,000)</u>	<u>(\$104,500)</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$97,500)	(\$99,700)	(\$102,000)	(\$104,500)
State Special Revenue (02)	\$0	\$0	\$0	\$0

NO SPONSOR SIGNATURE

\_\_\_\_\_ 3/31/23 \_\_\_\_\_ 3-30-23  
 Sponsor's Initials Date Budget Director's Initials Date