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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/6/06

SPONSOR Taylor LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Funeral Service & Merchandise Gross Receipts SB 704

ANALYST Schardin

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY06	FY07	FY08		
	(216.0)		Recurring	General Fund
	(144.0)		Recurring	Local Govern- ments

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Taxation and Revenue Department (TRD)

### SUMMARY

#### Synopsis of Bill

Senate Bill 704 creates a gross receipts tax deduction for receipts from selling funeral services and merchandise. The deduction will be limited to \$10 thousand per month for receipts from any single buyer.

Funeral services are defined as post-death activities such as committal, graveside or memorial services, embalming, cremation, funeral service advising or counseling, and final disposition. Funeral merchandise is defined as personal property sold in connection with transportation, funeralization, or disposition, including urns and coffins.

The effective date of these provisions is July 1, 2006.

### FISCAL IMPLICATIONS

According to TRD, total taxable gross receipts for funeral services and merchandise was about \$6 million in FY05. Taxed at an average of 6 percent, TRD believes the bill will reduce gross receipts tax revenue by \$360 thousand per year. About 60 percent of this revenue reduction will

accrue to the general fund, and about 40 percent will accrue to local governments.

**ADMINISTRATIVE IMPLICATIONS**

Administrative impacts on TRD can be absorbed with existing resources.

**TECHNICAL ISSUES**

On page 2, line 5, the word “remains” is misspelled.

TRD notes that it is unclear whether this deduction could be claimed by funeral homes, who may be an intermediate buyer of funeral services and merchandise.

SS/yr