

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3704-01
Bill No.: HB 1116
Subject: Economic Development; Taxation and Revenue.
Type: Original
Date: February 2, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government*	\$0	\$0	\$0

*** Includes potential unknown increase to the transportation sales tax funds for Kansas City and an offsetting decrease in the new transportation sales tax collections available to Kansas City for TIF redevelopment projects.**

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration - Budget and Planning, Department of Transportation** and the **Department of Revenue** each assume this proposal would not fiscally impact their respective agencies.

Officials from the **Department of Economic Development** and the **City of Kansas City** did not respond to our request for fiscal impact.

Oversight assumes this proposal would result in an offset to the City of Kansas City, a potential increase in the sales tax collections to be used for 'transportation purposes' and a corresponding decrease in potential new taxes available for the TIF redevelopment projects. DOR reports that in FY 2002, it distributed over \$121 million to the City of Kansas City for local sales taxes and local option use taxes. Oversight has no way of estimating the amount of transportation sales taxes may be utilized by Kansas City for transportation purposes instead of TIF redevelopment projects as a result of this proposal, and therefore, have reflected the amount as 'unknown'.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
CITY OF KANSAS CITY			
<u>Revenue</u> - potential increase in transportation sales taxes (money earmarked for transportation purposes) from exclusion from TIF	Unknown	Unknown	Unknown
<u>Loss</u> - to the Special Allocation Fund for new transportation sales taxes being excluded from TIF	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT TO THE CITY OF KANSAS CITY	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal prohibits any portion of the Kansas City transportation sales tax, which was approved by voters on November 4, 2003, from being used for tax increment financing.

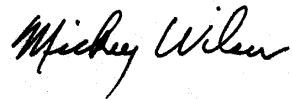
The proposal has an emergency clause.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Office of Administration - Budget and Planning
Department of Transportation

NOT RESPONDING: **Department of Economic Development; City of Kansas City**

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
February 2, 2004