

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

LR No.: 0382-03
Bill No.: SCS for HB 48
Subject: Certain Cities: Museums, Tax
Type: Original
Date: April 25, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
Total Estimated Net Effect on General Revenue Fund	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 82.850 and 144.518 - Sales Tax for Tourism and Museum:

Officials of the **Department of Revenue** assumes if they were to enter into an agreement to collect the tax, they could handle the additional workload with existing resources.

Oversight assumes if the Department of Revenue collects the sales tax, the DOR would retain a 1% fee for collecting the tax. The amount of money generated by the 1% fee is indeterminable and is unknown. Oversight will show fiscal impact to the State's General Revenue Fund as \$0 to Unknown. The impact would be \$0 if the city would collect it's own sales tax.

Officials of the City of Independence stated that a portion of the revenue would be recommended to operate the National Frontier Trails Museum, a facility owned by the State and operated by the City of Independence. The remaining funds would be used for tourism related activities.

Officials estimate that a 2% restaurant tax would generate \$2.6 million annually.

Oversight assumes there would be two trust funds established. The Museum Trust Fund would be used for museum related purposes and the Tourism-Related Trust Fund. All funds would be

ASSUMPTION (continued)

appropriated by the City Council

Section 184.357 - Property Tax for Mo. History Museum Subdistrict:

Officials of the **City of St. Louis** stated that this proposal would have no fiscal impact on the City.

Oversight assumes this is enabling legislation and would have no fiscal impact, unless the board of directors of the Metropolitan Zoological Park and Museum District would seek voter approval to increase the tax rate of up to six cents per one hundred dollars of assessed valuation.

Oversight assumes that this proposal as written does not mandate the museum district to place before the voters the question of increasing the tax rate, that act is discretionary, nor does this proposal mandate an increase in the tax rate. Therefore, Oversight assumes this proposal would have no fiscal impact.

Oversight will show fiscal impact as \$0 if the tax increase were placed on the ballot and were defeated, or if it were never placed on the ballot, to Unknown revenue if the question were placed on the ballot and passed by the voters of the district. Oversight assumes if the tax increase were passed there is no way to determine the amount of revenue that would be generated by the tax.

Oversight assumes that the provisions of Section 67.1159 would allow for any cost associated with the collection of any tax, interest, or penalty by the St. Charles County Convention and Sports Authority to be recovered as an additional penalty to the taxpayer owing the delinquent tax. Therefore, Oversight assumes no fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2006	FY 2007	FY 2008
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GENERAL REVENUE FUND

<u>Income</u> to Department of Revenue			
1% collection fee (Section 82.858)	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>

ESTIMATED NET EFFECT TO GENERAL REVENUE FUND	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
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FISCAL IMPACT - Local Government FY 2006 FY 2007 FY 2008

CITY OF INDEPENDENCE

<u>Income</u> to Museum Trust Fund from sale tax- appropriation	Unknown	Unknown	Unknown
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<u>Cost</u> to Museum Trust Fund museum related activities	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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Estimated Net Effect to Museum Trust Fund * (Sections 82.850 and 144.518)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>Income</u> to Tourism-Related Trust Fund from sales tax appropriation	Unknown	Unknown	Unknown
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<u>Cost</u> to Tourism-Related Trust Fund providing tourism related activities	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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Estimated Net Effect To Tourism-Related Trust Fund * (Section 82.850)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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**METROPOLITAN ZOOLOGICAL
PARK AND MUSEUM DISTRICT**

<u>Income</u> to Metropolitan Zoological Park and Museum District Fund from voter approved tax increase ** (Section 184.357)	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
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*** Oversight assumes in any given year, that costs would not exceed income. Therefore, fiscal impact would be either \$0 if all money were spent, or a positive Unknown fund balance. For purposes of this fiscal note, impact will be shown as \$0. (Section 82.850)**

**** Oversight assumes this is enabling legislation and would require action by the district board with voter approval before fiscal impact would be realized. (Section 184.357)**

FISCAL IMPACT - Small Business

Food establishments located within the sales tax district would be expected to collect and account for all sales tax. (Section 82.850)

Small businesses located within the defined boundary of the Metropolitan Zoological Park and Museum District would be expected to pay any increase in property taxes, provided the voters would approve an increase in property taxes as a result of this proposal. (Section 184.357)

DESCRIPTION

This act establishes the procedure whereby the voters of the City of Independence can impose a sales tax for museums and tourism related activities. The tax shall be in increments of one-eighth of one percent up to a maximum of two percent on all retail sales of food within the city. The act includes the activities that are eligible for the tax revenue, the method of collecting the tax, and the procedure for repealing the tax. The act creates the "Museum Trust Fund" and the "Tourism-Related Trust Fund" for holding the revenue to be managed by the city treasurer and appropriated by the city council.

This act creates additional ballot language that would enable a Missouri history museum subdistrict located in a Metropolitan Zoological Park and Museum District to put a proposal before the voters of the district to increase its property tax. This tax increased would be up to a maximum rate of six cents per hundred dollars assessed valuation.

Additionally, when any tax, interest, or penalty imposed in relation to the St. Charles County Convention and Sports Facilities Authority is not paid when due, the authority may file for record a notice of lien in the recorder's office. The notice will specify the amount due and the name of the liable person. From the time of filing such notice, the amount of tax shall have the force and effect of a lien against the real and personal property of the business of such person or the facility giving rise to the tax.

Under this act, a lien may be released by filing a release of the lien executed by a duly authorized agent of the authority upon payment or upon receipt of sufficient security, or by final judgment holding such lien to have been erroneously imposed.

Each recorder shall receive statutory fee for the filing of each notice of lien and for each release of lien filed for record. The authority is authorized to collect an additional penalty from each taxpayer equal to the cost of filing a notice of lien or release with respect to such taxpayer.

Any person operating or managing a business or facility who owes taxes, penalty, or interest, or is required to file any report with the authority, must notify, in writing, the authority at least 10

DESCRIPTION (continued)

days prior to any sale of the entire business or a major part thereof. The notice includes the name of the business or facility and the owner, the intended date of purchase, and the name of the person purchaser and person collecting the tax. Any person who takes with notice of delinquent tax or noncompliance is considered to be taking subject to any tax, penalty, or interest owed by the seller.

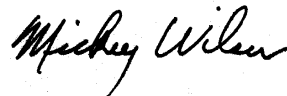
The authority shall have the power to bring a civil action to enjoin the operation of a business or facility, if the business or facility has a tax, penalty, or interest which is unpaid or is violation of the statutes relating to the authority.

Section A of this act 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
City of Independence
City of St. Louis



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Director
April 25, 2005