

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

LR No.: 0848-01
Bill No.: HB 186
Subject: Cities: Taxes, Capital Improvements
Type: Original
Date: February 8, 2005

FISCAL SUMMARY

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

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 4 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 or Unknown	\$0 or Unknown	\$0 or Unknown

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Revenue - Taxation Division** stated that this legislation potentially creates an item tax where a food establishment would have to collect two different rates. Due to the small number of affected businesses, the department could handle the additional workload with existing personnel.

The **City of Lamar Heights** did not respond.

Oversight contacted the Department of Revenue and it was determined that this legislation does not allow the Department of Revenue to withhold a 1`% collection fee for collecting the sales tax on food. Therefore, Oversight will not show income to the State's General Revenue Fund.

<u>FISCAL IMPACT - State Government</u>	FY 2006	FY 2007	FY 2008
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Local Government

FY 2006

FY 2007

FY 2008

**CITY OF LAMAR HEIGHTS
CAPITAL IMPROVEMENTS TRUST
FUND**

Income to Capital Improvements Trust
Fund

from voter approved sales tax on food, and transient guest tax on lodging.	Unknown	Unknown	Unknown
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Cost to Capital Improvements Trust
Fund

from funding capital improvement projects	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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**ESTIMATED NET EFFECT TO
LOCAL GOVERNMENT ***

<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
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*** Oversight assumes annual cost would not exceed income, which would result in a positive fund balance. For purposes of this fiscal not Oversight will show annual fiscal impact as \$0 or Unknown.**

FISCAL IMPACT - Small Business

Small businesses located within the City of Lamar Heights that are in the food business or lodging business would be expected to collect an additional tax on food items and hotel/motel rooms as defined by this proposal.

DESCRIPTION

This bill authorizes the City of Lamar Heights to impose, upon voter approval, a room tax of not more than 6% per night and a local sales tax on food of not more than 2%. These taxes will be in addition to any other taxes authorized by law and used solely for capital improvements.

The bill contains 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.

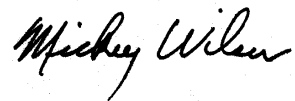
WB:LR:OD (12/02)

SOURCES OF INFORMATION

Department of Revenue - Taxation Division

NOT RESPONDING

City of Lamar Heights



Mickey Wilson, CPA
Director
February 8, 2005