COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1536-02
Bill No.: HCS for HB 515
Subject: Cities, Towns and Villages; Entertainment, Sports and Amusements; Taxation and Revenue.
Type: Original
Date: March 9, 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 Other 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** | **$0** | **$0** |

## FISCAL ANALYSIS

<u>ASSUMPTION</u>

Officials from the **Department of Revenue** and the **Department of Elementary and Secondary Education** each assume the proposal would not fiscally impact their respective agencies.

In response to a previous version of this proposal, officials from the **City of Kimberling City** assumed a tax rate of 1 percent would generate revenues of $207,000 in FY 2006 and $280,000 in FY 2008.

Officials from the **Department of Economic Development - Public Service Commission**, the city of **Branson** as well as the counties of **Taney**, **Stone**, **Ozark** and **Barry** did not respond to Oversight's request for fiscal impact.

The statutes regarding the tourism community enhancement districts were adopted in the 2001 session, with SBs 232 and 230. **Oversight** assumes the changes made with this proposal still do not mandate the local governments to establish such a district and local voter approval is still required. Therefore, Oversight assumes the proposal will not have a fiscal impact to the local governments.

RS:LR:OD (12/02)

| FISCAL IMPACT - State Government | FY 2006 (10 Mo.) | FY 2007 | FY 2008 |
|---|---|---|---|
| | **$0** | **$0** | **$0** |

| FISCAL IMPACT - Local Government | FY 2006 (10 Mo.) | FY 2007 | FY 2008 |
|---|---|---|---|
| | **$0** | **$0** | **$0** |

FISCAL IMPACT - Small Business

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

DESCRIPTION

Currently, each tourism community enhancement district has a board of directors with at least five members. This proposal increases the number to seven directors and changes the membership so that it is based on the amount of sales tax revenue collected by each district rather than population. A simple majority vote is required for the removal of a board member instead of the current two-thirds vote of the appointing governing body.

Currently, the board is allowed to levy, upon voter approval, a tourism tax of up to 1% on all sales within the district. The proposal prohibits the tourism tax from being assessed on the sale of food, all utilities and telephone services. The manner in which the revenue from the tax is distributed is changed so that 98% of the revenue is used for the marketing, advertising, and promotion of tourism; the administration of these activities; and a reasonable reserve. One percent of the revenue must be held in reserve, and another 1% can be retained by the Department of Revenue for the collection of the sales tax.

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

RS:LR:OD (12/02)

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Department of Revenue
City of Kimberling City

**NOT RESPONDING: Department of Economic Development - Public Service Commission, City of Branson, counties of Taney, Stone, Ozark and Barry**

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Director
March 9, 2005