

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5405-01
Bill No.: HB 1955
Subject: City of Independence: Law Enforcement, Sales Tax
Type: Original
Date: March 27, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
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 2007	FY 2008	FY 2009
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 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Revenue - Sales Tax Division** assume no fiscal to their department.

Officials of the **City of Independence** stated they currently run a one-eighth cent capital improvements sales tax dedicated to police operations. Officials estimate this tax would generate \$2,042,367 in revenue annually.

Oversight assumes this proposal is permissive. There would be no fiscal impact without action by the governing body and with voter approval. **Oversight** assumes if the voters would approve a sales tax the Director of Revenue would collect the tax and would retain a 1% collection fee which would be placed into the State's General Revenue Fund. **Oversight** cannot determine if voters of the City of Independence would approve a sales tax and at what rate. Therefore, **Oversight** will show fiscal impact from the sales tax collection fee to the State's General Revenue Fund as \$0 or Unknown.

ASSUMPTION (continued)

Oversight assumes if voters approved a sales tax, there would be income from the sales tax and there would be costs associated with providing additional police services. **Oversight** assumes costs to the City Police Services Sales Tax Fund would not exceed income in a given year. **Oversight** will show fiscal impact to local government as \$0.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
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GENERAL REVENUE FUND

<u>Income</u> to Department of Revenue From 1% sales tax collection fee.	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
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ESTIMATED NET EFFECT TO STATE GENERAL REVENUE FUND	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
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**CITY POLICE SERVICES SALES
TAX FUND**

<u>Income</u> to City of Independence From voter approved sales tax	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
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<u>Cost</u> to City of Independence From providing police services	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
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ESTIMATED NET EFFECT TO CITY POLICE SERVICES SALES TAX FUND *	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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* **Oversight assumes costs of providing police services would not exceed income in a given year resulting in an annual \$0 fund balance.**

FISCAL IMPACT - Small Business

If voters of the City of Independence would approve the imposition of a sales tax small businesses located within the city limits of the City of Independence would realize fiscal impact to the extent they would pay the sales tax, and would administer the collection of the sales tax.

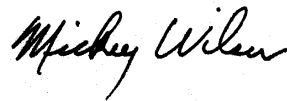
DESCRIPTION

This bill authorizes the City of Independence to impose, upon voter approval, a sales tax of up to 2% of gross retail receipts to be used for funding police services provided by the municipal police department.

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 - Sales Tax Division
City of Independence

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

Mickey Wilson, CPA
Director
March 27, 2006