COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0086-02
Bill No.: SCS for HB 69
Subject: Counties: Tourism, Culture, Entertainment, Taxation and Revenue
Type: Original
Date: April 13, 2007

Bill Summary: This proposal permits the creation of theater, cultural arts, and entertainment districts in certain counties and authorizes transient guest taxes in certain cities.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	$0 to Unknown	$0 to Unknown	$0 to Unknown
Total Estimated Net Effect on General Revenue Fund	**$0 to Unknown**	**$0 to Unknown**	**$0 to Unknown**

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on Other 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 2008	FY 2009	FY 2010
Total Estimated Net Effect on All Federal Funds	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on FTE	**0**	**0**	**0**

☐ Estimated Total Net Effect on All funds expected to exceed $100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed $100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	**$0**	**$0**	**$0**

FISCAL ANALYSIS

ASSUMPTION

City of Kansas City officials assume no fiscal impact.

In response to almost identical legislation, fiscal note 0259-04 HCS for SB 81, the following entities made the following fiscal impact statements:

Officials from the **Office of the State Courts Administrator** assume the proposal would not have a fiscal impact on the courts.

Officials from the counties of **Clay**, **Jackson**, **Boone, Franklin** and **Jasper** as well as the cities of **Gladstone** and **Sullivan** did not respond to our request for fiscal impact.

Officials from the **Department of Revenue (DOR)** state this legislation will not have a fiscal impact on their agency. However, the department has included some comments from Office of Administration ITSD - DOR .

Office of Administration Information Technology (ITSD DOR) estimates the IT portion of this request can be accomplished within existing resources, however; if priorities shift, additional FTE/overtime would be needed to implement. Office of Administration Information Technology (ITSD DOR) estimates that this legislation could be implemented utilizing 2 existing CIT III for 2 months at a rate of $16,744.

Oversight assumes the proposal is permissive in nature. It allows local political subdivisions to create a theater, cultural arts and entertainment districts as well as allows certain cities to impose a transient guest tax. Oversight will assume a $0 to unknown fiscal impact to local political subdivisions. These taxes are subject to voter approval. Oversight will also assume DOR may retain 1 percent of the potential sales tax revenue generated within the new theater, cultural arts and entertainment districts.

Oversight assumes that in both the districts allowed by this proposal that the annual costs of promoting allowed projects would not exceed annual income from either a sales tax or a transient guest tax resulting in either an annual positive fund balance or a zero fund balance. For purposes of this fiscal note annual fund balances will be shown as zero.

This proposal could increase Total State Revenues.

FISCAL IMPACT - State Government	FY 2008 (10 Mo.)	FY 2009	FY 2010
GENERAL REVENUE FUND			
Income - Department of Revenue 1 percent collection fee on sales tax revenue of new theater, cultural arts and entertainment districts.	$0 to Unknown	$0 to Unknown	$0 to Unknown
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	**$0 to Unknown**	**$0 to Unknown**	**$0 to Unknown**

FISCAL IMPACT - Local Government	FY 2008 (10 Mo.)	FY 2009	FY 2010
LOCAL POLITICAL SUBDIVISIONS			
Income - Cities and Counties for sales tax in Theater, Cultural Arts, and Entertainment District	$0 to Unknown	$0 to Unknown	$0 to Unknown
Cost - Cities and Counties Promotion of Educational, Cultural, Musical, Civic, etc. programs.	$0 to (Unknown)	$0 to (Unknown)	$0 to (Unknown)
ESTIMATED NET EFFECT TO LOCAL GOVERNMENT *	**$0**	**$0**	**$0**
Income - Cities for transient guest tax	$0 to Unknown	$0 to Unknown	$0 to Unknown
Cost - From promotion of tourism	$0 to (Unknown)	$0 to (Unknown)	$0 to (Unknown)
ESTIMATED NET EFFECT TO LOCAL GOVERNMENT *	**$0**	**$0**	**$0**

*** Oversight assumes annual costs of programs would not exceed annual income resulting in either a positive fund balance or a zero fund balance.**

FISCAL IMPACT - Small Business

Small businesses within the new districts or small business that offer sleeping rooms in certain cities may be required to collect an account for the additional tax, dependent upon governing body action and with voter approval.

FISCAL DESCRIPTION

Currently, only St. Charles County and its municipalities are allowed to form a theater, cultural arts, and entertainment district. This bill allows the governing body of any county or city that has adopted transect-based zoning under Chapter 89, RSMo, and the counties of Boone, Jasper Franklin, Clay, or Jackson and their municipalities to form a district.

The bill also:

(1) Allows the district to fund infrastructure projects;

(2) Reduces the number of contiguous acres the district must include from 50 to 25;

(3) Requires, instead of allows, the governing body of the city or county in which a district is proposed to pass a resolution describing the district when a petition for its creation is filed;

(4) Allows the City of Sullivan and the portion of the Sullivan C-2 School District located in Franklin County to impose a transient guest tax of up to 5%; and

(5) This bill specifies that in Pulaski County, for the purpose of collecting a transient guest tax, the term "transient guest" means a person who occupies a room in a hotel or motel for 90 days or less during any calendar quarter.

(6) Repeals the duplicate of Section 67.2505.

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

Office of the State Courts Administrator
Department of Revenue
Kansas City - Office of the City Attorney

NOT RESPONDING

Counties of :
Boone
Jasper
Clay
Jackson
Franklin

Cities of :
Gladstone
Sullivan

Mickey Wilson

Mickey Wilson, CPA
Director
April 13, 2007