

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1464-03  
Bill No.: HB 795  
Subject: Counties; Economic Development  
Type: Original  
Date: February 27, 2007

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

**FISCAL SUMMARY**

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

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

☐ 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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
<b>Local Government</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>

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## **FISCAL ANALYSIS**

### **ASSUMPTION**

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

Officials from the **Department of Economic Development** assume the proposal would not fiscally impact their agency.

Officials from the counties of **Buchanan, Clay and Jackson** as well as the cities of **St. Joseph, Independence and North Kansas City** 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.

**This proposal could increase Total State Revenues.**

FISCAL IMPACT - State Government

FY 2008  
(10 Mo.)

FY 2009

FY 2010

**GENERAL REVENUE**

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

Income - Cities for transient guest tax

\$0 to Unknown

\$0 to Unknown

\$0 to Unknown

**ESTIMATED NET EFFECT TO THE  
 LOCAL POLITICAL SUBDIVISIONS**

**\$0 to Unknown**

**\$0 to Unknown**

**\$0 to Unknown**

FISCAL IMPACT - Small Business

Small businesses within the new districts or small business that offer sleeping rooms in certain special charter cities may be required to collect an additional tax, dependent upon governing body and 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 Franklin, Clay, or Jackson and their municipalities to form a district.

The bill also:

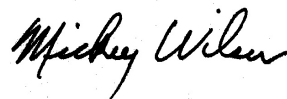
- (1) Allows the district to fund infrastructure projects;
- (2) Reduces the number of contiguous acres the district must include from 50 to 25;
- (3) Requires, instead of allows, the governing body of the city or county in which a district is proposed to pass a resolution describing the district when a petition for its creation is filed;
- (4) Allows the cities of Augusta, Carrollton, Chillicothe, Liberty, Miami, Missouri City, and Pleasant Hill to impose a transient guest tax of up to 5%; and
- (5) 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 Economic Development  
Department of Revenue

**NOT RESPONDING: counties of Buchanan, Clay and Jackson; cities of St. Joseph, Independence and North Kansas City**



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Director

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